

**Department of Commerce
Economic and Statistical Analysis Budget**

**FY 2007 Annual Performance Plan
Bureau of Economic Analysis**

Strategic Goals and Plans:

BEA Mission Statement

The Bureau of Economic Analysis promotes a better understanding of the U.S. economy by providing the most timely, relevant, and accurate economic accounts data in an objective and cost-effective manner.

The Bureau of Economic Analysis is a principal Federal statistical agency and is a part of the Economics and Statistics Administration within the U.S. Department of Commerce (DOC). The DOC has established a set of goals and objectives for its agencies and programs. These goals and objectives are outlined in *U.S. Department of Commerce Strategic Plan for FY 2004—FY 2009: American Jobs, American Values*. The six performance measures and targets described in this section relate to BEA. No formal measures are presented for ESA. The policy nature of ESA’s work makes tracking and reporting formal measures neither useful nor efficient.

**U.S. Department of Commerce Strategic Plan
related to the Bureau of Economic Analysis**

Strategic Goal 1:

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

Objective 1.3:

“Enhance the supply of key economic and demographic data to support effective decision-making of policymakers, businesses, and the American public.”

The BEA mission is directly linked to the DOC performance goal for objective 1.3 above. The BEA 5-year Strategic Plan is derived from the DOC goal and objective and serves as BEA’s detailed guide for achieving its goals and meeting its performance measures. With the rapid and widespread changes in the size and complexity of the U.S. economy, BEA must be able to adapt and change in order to continue to accurately capture the U.S. economy. While the Strategic Plan outlines specific requirements for improving the work done at BEA, it is a fluid document. It allows BEA to adjust to changing demands and needs, while also providing a plan for accomplishing its overall goals and objectives.

The BEA Strategic Plan establishes the Agency’s mission and four primary objectives, which are consistent with the goals set out for BEA by the Economics and Statistics Administration and the Department of Commerce. The four objectives derived directly from the BEA mission are identified below.

Objective 1: CUSTOMERS. Make BEA’s economic accounts and services more responsive to the needs of its customers and partners.

Objective 2: EMPLOYEES. Attract, develop, and retain a highly qualified, diverse workforce prepared to innovate and improve BEA’s statistics.

Objective 3: RESOURCES. Upgrade resource management to support BEA’s mission.

Objective 4: STATISTICS. Upgrade BEA’s economic statistics by improving statistical methodologies and source data and by using new technologies.

Its mission and these four objectives drive BEA. Over one hundred sixty detailed milestones were developed from the mission statement and objectives and include input from BEA staff, BEA Advisory Committee members, Congress, other statistical agencies, and users. These milestones provide a plan for BEA managers and staff to implement the changes needed to ensure that BEA

estimates are as timely, relevant, and accurate as they can be. The plan includes milestones over a 5-year timeframe to provide senior staff and managers a sufficient time horizon for planning appropriate resource and staff allocation. BEA managers and staff are held accountable for progress made toward achieving milestones, which map directly to their performance plans. The BEA Strategic Plan is reviewed and updated by senior staff twice a year. Staff and the public are invited annually to review and comment on the Plan, and the final version is posted on the BEA Web site.

BEA is one of the world's leading statistical agencies. Although it is a relatively small agency, BEA produces some of the most closely watched economic statistics that inform the decisions made by government officials, business leaders, and individual households. BEA's economic statistics, which provide a comprehensive, up-to-date picture of the U.S. economy, are key ingredients to critical decisions affecting monetary policy, tax and budget projections, and business investment plans.

The cornerstone of BEA's statistics is the national income and product accounts (NIPAs), which feature estimates of gross domestic product (GDP) and related measures. The GDP was recognized by the Department of Commerce as its greatest achievement of the 20th century and has been ranked as one of the three most influential measures that affect U.S. financial markets. Since the NIPAs were first developed in the aftermath of the Great Depression, BEA has developed and extended its estimates to cover a wide range of economic activities. Today, BEA prepares national, regional, industry, and international accounts that present essential information on key issues such as economic growth, regional economic development, interindustry relationships, and the Nation's position in the world economy.

President's Management Agenda

The Office of Management and Budget established five government-wide initiatives for reforming the management of government and improving the performance of federal programs. These five initiatives, known collectively as the President's Management Agenda (PMA), focus on areas of need and opportunity in government management and seek to hold agencies accountable to the American public. ESA's progress, both at headquarters and BEA, toward achieving success in these five initiatives is currently reviewed quarterly by senior management at the Department of Commerce. This section of the Annual Performance Plan defines major accomplishments made on each of the five initiatives of the PMA in the last year.

Human Capital: During FY 2005, ESA headquarters developed and successfully implemented a plan to streamline headquarters staff by 20%. Using management tools to include the early-out/buy-out programs, ESA was able to meet this goal without a reduction-in-force. BEA focused on human capital priorities by: (1) implementing its plans to make employees individually accountable for the successes or failures of the agency, and (2) developing competency models of its mission critical occupations. All employees' performance appraisals were updated in FY 2005 to more closely link employee contributions to organizational goals and to clearly differentiate performance requirements under the performance-based pay system. In addition, BEA has completed the second year of a multi-year project to define competency models for BEA core occupations by defining competency models for economists and

accountants two of the mission critical occupations at BEA. BEA also continually evaluates future human capital needs, and it is implementing recruitment and succession plans that ensure specialized knowledge remains at BEA.

Competitive Sourcing: ESA headquarters has maintained a balance between commercial and inherently governmental positions that is on par with organizations of similar mission and size. The vast majority of the BEA population is made up of economists and accountants that perform inherently governmental work, limiting the services BEA can provide through a contractor. The BEA workforce's primary duties are focused on measuring the U.S. economy. When appropriate, other services are contracted out to the private sector and Federal agencies that can provide them more efficiently. For example, BEA contracts with the International Trade Administration for human resources, National Institute of Standards and Technology for accounting services, and National Oceanic and Atmospheric Administration for procurement services. ESA and BEA continue to work with the Department to explore ways to fully participate in competitive sourcing activities such as feasibility studies.

Financial Performance: ESA headquarters and BEA continue to receive clean financial audits and participate fully with the Department in activities to improve financial performance. ESA continues to work with the Department to accelerate various financial reporting deadlines. ESA has completed reviews of pricing structures for its fee sale products, reviewed and refreshed its methodology for establishing overhead rates for inter-agency agreements, and reviewed existing inter-agency agreements for compliance with appropriate laws and regulations.

E-Government: Though there are no major information technology initiatives at headquarters, ESA headquarters continues to participate in all Departmental E-Government initiatives. BEA has continued to meet E-Government standards. BEA has an effective Enterprise Architecture, which is fully integrated into the Bureau's capital planning and investment processes. The BEA Estimation IT System has an OMB-approved business case including an ongoing, comprehensive operational analysis of system components. All upgrades to system components adhere to cost/schedule/performance targets. BEA has worked hard in FY 2005 to meet the public's needs by increasing electronic access to historical data through interactive data tables, expanding electronic reporting options for surveys, and continuing to secure IT infrastructure and confidential survey data. BEA has implemented an E-Government plan, and the Inspector General has verified the effective security of all BEA systems. BEA optimized its infrastructure disaster recovery capability and added a hot-mirrored backup Web site.

Budget and Performance Integration: ESA headquarters continued its successful streamlining efforts to improve performance and efficiencies. During FY 2005, BEA continued many of the budget performance and integration processes that helped it to rank in the top five percent of federal programs assessed by the OMB Program Assessment Rating Tool (PART). In addition, BEA has begun to link individual employee performance with the budget-related performance measures derived from the milestones in the Strategic Plan. The annually updated BEA Strategic Plan lays out milestones for the agency based upon budgeted resources. BEA's organizational units developed specific operating plans, which detail the resources and tasks required for accomplishing each

Strategic Plan milestone. Performance appraisals of all employees, including the SES and managers, now reference these operating plans and provide a direct link to the performance reporting of the agency.

Program Evaluations

Program Assessment Rating Tool (PART): The Office of Management and Budget evaluated BEA using the PART in FY 2002 and FY 2003, and BEA was awarded the highest rating of “Effective.” Its score of 92 ranks it within the top 5 percent of all federal programs reviewed and it remains the highest score in the Department of Commerce. BEA received high marks in each of the four areas evaluated: Program Purpose and Design, Strategic Planning, Program Management, and Program Results/Accountability.

Unit Cost Measures: At the request of the Department of Commerce and the Office and Management and Budget (OMB), BEA has developed an experimental cost index that measures the cost of producing and improving the GDP relative to 1997. Improving the accuracy and reliability of BEA estimates is of major importance to users. With a rapidly changing economy, BEA continually seeks better ways to measure the entire economy, often with partial or scant data to inform its measurements. This experimental cost index seeks to capture the efficiency of BEA through a measure of the cost per budget dollar of producing and improving GDP. BEA has completed its evaluation of its efficiency measure and has developed additional measures to address the efficiency of delivering economic data to users and completing survey forms. BEA will continue to refine the proposed efficiency measures for its statistical products and will work with the Department of Commerce and OMB to improve them.

Customer Satisfaction Survey: BEA conducts an annual survey of its users to monitor their satisfaction with BEA products and services. This survey is critical to BEA’s success since users are the final arbiters of the timeliness, relevance, and accuracy of BEA data. Recent improvements in BEA’s economic accounts and accessibility have been recognized in the survey with increased satisfaction by users. The FY 2005 survey found high levels of satisfaction by users, scoring 4.4 on a 5-point scale. BEA strives to continue to increase this level of satisfaction with ongoing upgrades to the accounts and investments in the information technology systems that make more data more easily available in user-friendly formats. In addition to the customer satisfaction survey, BEA monitors its contacts with users. The chart below lists a number of ways BEA interacts with its users.

BEA USER MEASURES: FY 2003–FY 2007					
Measures	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Estimate	FY 2007 Estimate
Press Releases (both scheduled and unscheduled)	56	62	60	62	62
<i>Survey of Current Business:</i>					
- Articles	57	55	68	65	65
- Statistical pages	1,774	1,628	1,921	1,800	1,800
Publications, other than the <i>Survey</i>	6	3	9	6	6
BEA's Web site - www.bea.gov					
- Page views (monthly average)	1,514,529	2,140,903	4,333,343	4,500,000	4,550,000
- Unique visitors (monthly average)	116,677	131,661	149,610	159,000	174,000
- Downloads (annual)	3,381,319	3,682,630	5,274,660	5,500,000	6,000,000

Management Challenges

BEA faces three challenges to its mission:

1. **Measuring a constantly changing economy** – The U.S. economy is in constant flux. BEA is challenged to understand the structural changes in the economy, to improve measurement methodologies, and to locate and incorporate data sources to capture the changes. Its challenge is to continue to keep pace with these changes in order to provide the Nation with the most timely, relevant, and accurate economic statistics possible.
2. **Integrating Federal economic accounts** – The demand for greater consistency among the various economic accounts in a decentralized statistical system is growing among users of Federal economic statistics. The Federal agencies responsible for the production of U.S. economic accounts must continue to work together to integrate the accounts by harmonizing definitions, methodologies, and analytical techniques in order to provide consistent estimates to users.

3. **Building and developing a skilled workforce** – BEA is its people. The quality of BEA statistics is dependent on the knowledge and skills of its staff. With the increasing complexity of the changing economy, the demands on BEA staff to be at the leading edge of economic change and to provide for innovative measurement solutions are also increasing. BEA must continue to prepare its employees for these challenges.

Summary of Targets and Performance Measures for BEA

Measure	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Target	FY 2005 Actual	FY 2006 Target	FY 2007 Target
Timeliness: Reliability of Delivery of Economic Data (Number of Scheduled Releases Issued on Time)	50 of 50	48 of 48	54 of 54	54 of 54	54 of 54	54 of 54	TBD
Relevance: Customer Satisfaction with Quality of Products and Services (Mean Rating on a 5-Point Scale)	4.3	4.4	4.3	Greater than 4.0	4.4	Greater than 4.0	Greater than 4.0
Accuracy: Percent of GDP Estimates Correct	83%	88%	88%	Greater than 85%	96%	Greater than 85%	Greater than 85%
Budget-Related: Improving GDP and the Economic Accounts	Developed new measures to address gaps and updated BEA's accounts; designed prototype of new quarterly survey of international services; developed new pilot estimates that provide better integration with other accounts.	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	Successfully completed all major Strategic Plan milestones related to improving the quality of the economic accounts.	Successful completion of related Strategic Plan milestones.	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.
Budget-Related: Accelerating Economic Estimates	New	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	Successfully completed all major Strategic Plan milestones related to efforts to accelerate economic estimates.	Successful completion of related Strategic Plan milestones.	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.
Budget-Related: Meeting U.S. International Obligations	New	BEA completed all major Strategic Plan milestones related to meeting U.S. international obligations.	Successfully completed all major Strategic Plan milestones related to meeting international commitments as funded in FY 2003.	Successful completion of related Strategic Plan milestones.	BEA completed all major Strategic Plan milestones related to meeting international obligations.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.

Resource Requirements Summary
(Dollars in millions. Funding amounts reflect total obligations.)
Information Technology (IT)
Full-Time Equivalent (FTE)

Performance Goal 1: Promote a better understanding of the U.S. economy by providing the most timely, relevant, and accurate economic data in an objective and cost-effective manner.

	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Enacted	FY 07 Base	Increase / (Decrease)	FY 07 Request
Grand Total								
Salaries and Expenses	64.2	72.4	77.1	82.4	84.8	84.7	0	84.7
Total Funding ¹	66.7	74.3	78.8	84.1	86.7	86.6	0	86.6
Direct	62.5	70.6	75.1	80.0	79.9	80.5	0	80.5
Reimbursable ²	4.2	3.7	3.6	4.1	6.8	6.1	0	6.1
IT Funding ³	10.2	10.4	11.1	13.3	13.4	13.6	0	13.6
FTE ²	488	494	525	543	567	564	0	564

¹ Reimbursable include ESA, BEA, and STAT–USA revolving fund.

² Total FTE includes ESA, BEA, and STAT–USA FTE.

³ ESA/BEA IT funding is included in total funding

Skill Summary:

Economists, accountants, statisticians, and IT specialists

Performance Measures for FY 2007

BEA has established six performance measures to monitor its progress toward meeting its objectives and operating goals. The first three performance measures track overall agency performance with respect to the agency’s mission to provide timely, relevant, and accurate economic data. These three measures include the reliability of on-time delivery of economic data, customer satisfaction with the quality and relevance of products and services, and the accuracy of the GDP estimate. The final three measures are directly related to BEA budget initiatives and track BEA’s progress toward meeting its commitments to the President, Congress, and the American public when initiative funds are provided.

Measure 1a—Timeliness: Reliability of Delivery of Economic Data (Number of Scheduled Releases Issued on Time)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Target ¹	50 of 50	48 of 48	54 of 54	54 of 54	54 of 54	TBD
Actual	50 of 50	48 of 48	54 of 54	54 of 54		

¹Target for out years cannot be determined until BEA releases its final schedule, with OMB approval, in the fall of the preceding year.

The importance of BEA data as an ingredient for sound economic decision making requires BEA to deliver data into the hands of decisionmakers and other data users not only quickly but also reliably—that is, on schedule. Since instituting this performance measure, BEA has consistently met its target of releasing economic data on schedule and on time. BEA has made significant improvements in its information processing systems that have enabled it to continue to post its principal economic indicators on the BEA Web site at release time, as well as upload volumes of supporting documentation and tables that were previously unavailable until days after the release—a move applauded by our data users. In addition, BEA has begun a new email subscription service that allows users to sign up to receive prompt e-mail delivery of GDP, international trade, state personal income, gross state product, local area personal income, and other major economic measures at the time of their release. BEA met its FY 2005 performance measure and released 54 of 54 release on time and on schedule.

Measure 1b—Relevance: Customer Satisfaction with Quality of Products and Services (Mean Rating on a 5-Point Scale)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Target	Greater than 4.0	Greater than 4.0	Greater than 4.0	Greater than 4.0	Greater than 4.0	Greater than 4.0
Actual	4.3	4.4	4.3	4.4		

Customer satisfaction is a critical measure of BEA’s success in accomplishing its mission. This measure is at the core of providing relevant data to users. Achieving the targets of this measure requires BEA to provide the types of data needed by users. To measure levels of satisfaction, BEA conducts an annual mail and Internet survey of users. The survey asks respondents a series of questions about their use of and satisfaction with BEA products and services. In the FY 2005 survey of customer satisfaction, BEA scored a 4.4 out of a maximum 5.0, indicating users are very satisfied with the overall quality of BEA’s products and services. In general, respondents expressed satisfaction with the timeliness, relevance, and accuracy of BEA statistics, a top priority at BEA. The “Customer Satisfaction Survey Report, FY 2005” is available on the BEA Web site.

Measure 1c—Accuracy: Percent of GDP Estimates Correct

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Target	Greater than 82%	Greater than 84%	Greater than 84%	Greater than 85%	Greater than 85%	Greater than 85%
Actual	83%	88%	88%	96%		

This measure of BEA performance seeks to track the ability of BEA to accurately estimate its most important statistic, the gross domestic product (GDP). The measure is a composite index of six indicators of accuracy that are readily available to the public. These six indicators measure the accuracy of the GDP estimate with respect to (1) whether the economy is expanding or contracting, (2) whether the economy is growing faster or slower, (3) whether the economy is strong or weak, (4) the trend GDP growth rate, (5) the average quarterly GDP growth rate, and (6) the level of current-dollar GDP. These measures are applied using 3-year rolling averages to develop a single measure of the correctness of the GDP estimate. Three-year rolling averages were chosen because a) at least 12 quarters of estimates are needed for statistical reliability, b) BEA’s annual revisions cover 3 years, c) the impact of statistical improvements occur over time, and d) reasonable balance must be struck between statistical reliability and a measure of current performance. BEA exceeded this target with a score of 96 percent for FY 2005.

Measure 1d—Budget-Related: Improving GDP and the Economic Accounts

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Target	Develop new measures to address gaps in and update BEA's accounts; design new quarterly survey of international services; develop new pilot estimates that provide better integration with other accounts.	Successful completion of related Strategic Plan milestones, including benchmark and update of industry accounts, incorporate NAICS into regional accounts, and update international accounts.	Successful completion of related Strategic Plan milestones related to improving the quality of the economic accounts.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.
Actual	Developed new measures to address gaps and updated BEA's accounts; designed prototype of new quarterly survey of international services; developed new pilot estimates that provide better integration with other accounts.	BEA completed all major Strategic Plan milestones related to improving the economic accounts.	Successfully completed all major Strategic Plan milestones related to improving the quality of the economic accounts.	BEA completed all major Strategic Plan milestones related to improving the economic accounts.		

BEA must continually update its economic accounts to keep pace with the increasingly complex and rapidly changing U.S. economy. Gross domestic product, balance of payments, state personal income, and other data series must be as timely, relevant, and accurate as possible to inform the decisions made by public and private leaders. The 5-year Strategic Plan lays out ambitious steps that BEA will take to achieve quality improvements in all of its accounts. Based on the Strategic Plan milestones, specific budget initiatives have been proposed for each year since FY 2002 for improving the accounts. The Strategic Plan also has successfully tracked BEA's progress toward achieving the milestones established for new initiatives and provided agency accountability. In FY 2005, BEA completed all of its major milestones related to improving GDP and the economic accounts.

Measure 1e—Budget-Related: Accelerating Economic Estimates

		FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Target	New		Successful completion of related Strategic Plan milestones, including accelerate the release of international trade estimates (with Census Bureau), GDP by industry, annual input-output tables, gross state product, and metropolitan area personal income.	Successful completion of related Strategic Plan milestones related to efforts to accelerate economic measures.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.
Actual			BEA completed all major Strategic Plan milestones related to accelerating economic estimates.	Successfully completed all major Strategic Plan milestones related to efforts to accelerate economic estimates.	BEA completed all major Strategic Plan milestones related to accelerating economic estimates.		

BEA was challenged to accelerate the release of its major economic estimates in order to meet the demands of public and private sector users. To meet this challenge, BEA proposed a multiyear initiative to accelerate the release of its most valued indicators. This performance measure tracks BEA’s progress toward achieving these accelerations. With the support of the President and Congress, BEA has been able to complete an accelerated release schedule for some of the Nation’s most widely relied upon economic statistics, including: international trade in goods and services, GDP by industry, annual input-output accounts, state personal income, and an experimental acceleration in gross state product (GSP). In FY 2005, BEA completed all major Strategic Plan milestones related to accelerating economic estimates.

Measure 1f—Budget-Related: Meeting U.S. International Obligations

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Target	New	Successful completion of related Strategic Plan milestones, including assist Treasury in designing a survey of derivatives; incorporate estimates of short-term claims and long-term assets in accounts; and provide data for Special Data Dissemination Standard (SDDS) compliance.	Successful completion of related Strategic Plan milestones related to meeting international commitments as funded in FY 2003.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.	Successful completion of related Strategic Plan milestones.
Actual		BEA completed all major Strategic Plan milestones related to meeting U.S. international obligations.	Successfully completed all major Strategic Plan milestones related to meeting international commitments as funded in FY 2003.	BEA completed all major Strategic Plan milestones related to meeting international obligations.		

BEA is responsible for making its data series conform to standards agreed to by the United States Government with international organizations and other countries. Meeting these commitments is important to maintaining the United States’ leadership in economic measurement. Equally important, the statistical information required for these international commitments is useful to U.S. policymakers. This performance measure, introduced in FY 2003, monitors BEA’s progress in meeting milestones related to international commitments and provides accountability for a multiyear initiative to meet them. In FY 2005, BEA met all of the major milestones related to international obligations.

BEA Advisory Committee: Twice a year, the 13-member BEA Advisory Committee meets publicly to review and evaluate BEA statistics and programs. The committee advises the Director of BEA on matters related to the development and improvement of BEA’s national, regional, industry, and international economic accounts, especially in areas of new and rapidly growing economic activities. The committee also provides recommendations from the perspectives of the economics profession, business, and government.

Strategic Plan Evaluation: The BEA 5-year Strategic Plan is the most important evaluation of BEA programs and performance. The Strategic Plan is a detailed operating plan that guides BEA’s planning with over 160 ambitious milestones per year over a 5-year time frame. The plan is developed based on Department of Commerce goals and objectives as well as the mission and objectives set by

BEA. Managers are responsible for ensuring that the milestones are met since the milestones feed directly into the performance measures and budget requests of the Agency.

The publicly-available Strategic Plan is annually reviewed, and a report of successes is made available to the BEA Advisory Committee, Department of Commerce, Office of Management and Budget, Congress, and the public via the BEA Web site. The report clearly indicates which milestones were met and which were not met with an explanation as to why specific milestones were not accomplished. In FY 2004, BEA met all of its major milestones. BEA seeks to continue to meet its major milestones.

Crosscutting Activities

Intra-Department of Commerce:

The Bureau of the Census: The Census Bureau is one of the principal suppliers of source data used to compile BEA's economic accounts. ESA, BEA and Census representatives meet regularly to maintain an awareness of their joint and individual statistical concerns and to discuss cooperative strategies to advance matters of common interest. The availability of current source data from Census is a key factor in the scheduling of BEA release dates. BEA and the Census Bureau jointly release the monthly U.S. International Trade in Goods and Services estimates.

The International Trade Administration (ITA): ITA supports the development of the travel and tourism satellite accounts, which provide a detailed picture of the travel and tourism industries and their role in the U.S. economy. These accounts present estimates of the expenditures by tourists, or visitors, by type of commodity as well as estimates of output by travel and tourism industry. They also present estimates of the income generated by travel and tourism and estimates of employment in the travel and tourism industries.

Other Government Agencies:

The Bureau of Labor Statistics (BLS) and Internal Revenue Service (IRS): These two agencies are principal suppliers of source data used to compile BEA's economic accounts. BEA works closely with both agencies to stay apprised of joint and individual statistical problems and to cooperate in dealing with those concerns. The availability of current source data from BLS is a key factor in scheduling the release of BEA estimates. BEA and the Bureau of Labor Statistics have begun efforts to integrate their productivity accounts to create consistent definitions and methodologies.

Department of Energy (DOE) and Department of Labor (DOL): ESA policy staff work with various agencies to conduct a variety of economic studies. The most recent was a Congressionally-mandated (Consolidated Appropriations Act of 2005, P.L. 108-447) inter-

agency study on the impacts to industry of rising natural gas prices. ESA, in cooperation with the Departments of Energy and Labor, examined and prepared a study on the economic impact of natural gas prices to energy-intensive industries in the U.S.

Interagency Council on Statistical Policy (ICSP): Under the auspices of the Office of Management and Budget, BEA is a major participant in the ICSP, which works to improve collaborative activities of Federal statistical agencies. Activities of the ICSP have led to the standardization of data and concepts, transfers of technology, methodology exchange, collaborative research, process improvement, improved customer service, reduced respondent burden, and infrastructure sharing.

Federal Economic Statistics Advisory Committee (FESAC): The Committee presents advice and makes recommendations to BEA, the Census Bureau, and the Department of Labor's Bureau of Labor Statistics from the perspective of the professional economics and statistics community. The Committee examines the agencies' programs and provides advice on statistical methods, research needs, and other technical matters related to the collection, tabulation, and analysis of Federal economic statistics.

Federal Reserve Board (FRB): BEA works closely with the Federal Reserve Board to ensure consistency and quality of accounts. The FRB produces estimates of industrial production, flow of funds, and balance sheets in collaboration with BEA. BEA and the FRB are working on better integrating their economic accounts to provide data users with consistent sets of accounts that use similar definitions and methodologies.

Other agencies: To obtain source data for its economic accounts, BEA maintains close working relationships with statistics-producing agencies in most of the executive branch departments of the Government, including the Departments of Agriculture, Defense, Education, Energy, Health and Human Services, Labor, Transportation, and Treasury.

External Factors and Mitigating Strategies

With only a few exceptions, BEA is dependent on other government agencies and private organizations for the source data it uses to produce its economic accounts statistics. Thus, BEA's ability to provide timely, relevant, and accurate economic data, and to move forward with improvements in its economic accounts, is dependent on the quality and availability of that source data. BEA works closely with its statistical agency partners and other source data providers to obtain the best and most complete data possible. BEA also continually refines its estimation methods to improve its measures, especially in areas with source data deficiencies.

BEA Data Validation and Verification

BEA conducts an annual review of the Bureau’s performance data to ensure that it is complete and accurate. Significant deviations from the projected target, if any, are reviewed by the Director and actions are planned to address deficiencies.

The validation process is conducted in a manner similar to audit principles, which include data collection and verification of data. Data collected from independent sources and the BEA 5-year Strategic Plan are compared to actual outcomes in order to determine the success or failure of the Agency to meet its specified goals. All data are maintained and made publicly available for additional outside review.

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to Be Taken
1a. Timeliness: Reliability of Delivery of Economic Data (Number of Scheduled Releases Issued on Time)	A schedule of release dates for the calendar year is published each fall in the <i>Survey of Current Business</i> and is posted on the BEA Web site. BEA maintains a record of subsequent actual release dates.	Quarterly	BEA maintains the schedule of future release dates and the record of actual release dates. Both sets of information are available on the BEA Web site.	Scheduled and actual release dates are a matter of public record and can be verified via the Internet at <www.bea.gov>.	All releases may not be included in the published annual schedule because their release dates cannot be established that far in advance.	FY 2007 target will be added when it is made available to OMB and published in the <i>Survey of Current Business</i> in the fall of 2006.
1b. Relevance: Customer Satisfaction with Quality of Products and Services (Mean Rating on a 5-Point Scale)	Annual BEA customer satisfaction survey conducted by BEA.	Annually	BEA conducts the survey, compiles the results, and retains records of raw data and computations that lead to the final results. A report is written and made available to the public at <www.bea.gov>.	BEA provides a copy of the survey to the OMB, Budget Office of the Department of Commerce, and the Economics and Statistics Administration. The report is made available on the BEA Web site.	The customer satisfaction survey is voluntary and is conducted via the Web and mail. As a voluntary survey, responses are representative of those who choose to respond.	Survey will be conducted in FY 2007.
1c. Accuracy: Percent of GDP Estimates Correct	Data used for this measure are produced by BEA and made available in press releases; our monthly publication, the <i>Survey of Current Business</i> (SCB); and the Web site: www.bea.gov. Background research studies are published in the SCB.	Annually	The <i>Survey of Current Business</i> is published monthly and available online.	DOC has evaluated this measure and BEA has submitted a <i>Validation and Verification</i> report. The <i>Survey of Current Business</i> is a matter of public record and can be verified via the Internet or hardcopy.	The measure is the best single point estimation of the accuracy of GDP. Economic conditions, rather than statistical practices, could dramatically change the measure. In benchmark years, the calculation of the GDP revision is delayed until December.	Research to calculate the new measure will be conducted, following the completion of the annual revisions, in August 2006.

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to Be Taken
<p>1d. Budget-Related: Improving GDP and the Economic Accounts</p>	<p>The BEA Strategic Plan provides annual milestones for this budget-related measure. At the end of each fiscal year, BEA evaluates and reports its progress in achieving the scheduled milestones.</p>	<p>Annually</p>	<p>BEA compiles and maintains data annually via the BEA Scorecard, available on the BEA Web site.</p>	<p>Internal review and analysis by BEA.</p>	<p>BEA's annual review and update of its Strategic Plan could result in changes to the milestones.</p>	<p>Milestones will be adjusted as necessary to match the BEA Strategic Plan.</p>
<p>1e. Budget-Related: Accelerating Economic Estimates</p>	<p>The BEA Strategic Plan provides annual milestones for this budget-related measure. At the end of each fiscal year, BEA evaluates and reports its progress in achieving the scheduled milestones.</p>	<p>Annually</p>	<p>BEA compiles and maintains data annually via the BEA Scorecard, available on the BEA Web site.</p>	<p>Internal review and analysis by BEA.</p>	<p>BEA's annual review and update of its Strategic Plan could result in changes to the milestones.</p>	<p>Milestones will be adjusted as necessary to match the BEA Strategic Plan.</p>
<p>1f. Budget-Related: Meeting U.S. International Obligations</p>	<p>The BEA Strategic Plan provides annual milestones for this budget-related measure. At the end of each fiscal year, BEA evaluates and reports its progress in achieving the scheduled milestones.</p>	<p>Annually</p>	<p>BEA compiles and maintains data annually via the BEA Scorecard, available on the BEA Web site.</p>	<p>Internal review and analysis by BEA.</p>	<p>BEA's annual review and update of its Strategic Plan could result in changes to the milestones.</p>	<p>Milestones will be adjusted as necessary to match the BEA Strategic Plan.</p>

List of Supporting Documents

- Strategic Planning:
 - BEA's Mission, Vision, Values, and Role
 - www.bea.gov/bea/about/mission.htm
 - BEA Strategic Plan for FY 2006–FY 2010
 - www.bea.gov/bea/about/strategicplan2006_2010.pdf
 - BEA Strategic Plan Report Card for FY 2005
 - www.bea.gov/bea/about/FY05strat_plan_report_card.pdf

- Organizational Assessment:
 - Employees Rate BEA Among Top Federal Agencies, January 5, 2004
 - www.bea.gov/bea/newsrelarchive/2004/OASnewsrelease.pdf
 - BEA Organizational Assessment Survey, Results, 2003
 - www.bea.gov/bea/about/organizational-assess-results03.pdf

- Other Performance Related Links:
 - FY 2005 Customer Satisfaction Survey Report, October 2005
 - Report: www.bea.gov/bea/about/2005_CSSR.pdf
 - Release Dates for 2006
 - www.bea.gov/bea/newsrel/2006rd.htm
 - Composite Index of Accuracy:
 - www.bea.gov/bea/ARTICLES/2002/01january/0102reliablenipas.pdf
 - www.bea.gov/bea/ARTICLES/2005/02February/0205_NIPAs.pdf

Department of Commerce
BUREAU OF INDUSTRY AND SECURITY
FY 2007 Annual Performance Plan

The mission of BIS is to advance U.S. national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system and promoting continued U.S. strategic technology leadership.

The budget request for FY 2007 is \$78.6 million, including an increase of \$3.3 million for the adjustments necessary for base activities and \$.3 million for a program increase that will launch a program to improve BIS's automated system for electronic processing of export license applications.

The following BIS activities serve to advance responsible economic growth and trade while protecting American security:

Maintain and strengthen an adaptable and effective U.S. export control and treaty compliance system: BIS administers and enforces controls on exports of dual-use goods and technologies to counter proliferation of weapons of mass destruction, combat terrorism, and pursue other national security policy goals. BIS also serves as the lead agency for ensuring U.S. industry compliance with the Chemical Weapons Convention (CWC).

Integrate non-U.S. actors to create a more effective global export control and treaty compliance system: The effectiveness of U.S. export controls is enhanced by strong controls in other nations that export or transship sensitive goods and technologies. BIS works to improve the participation and compliance of existing members of the multilateral export control regimes and cooperates with other countries to help them establish effective export control programs.

Eliminate illicit export activity outside the global export control and treaty compliance system: BIS's enforcement efforts detect, prevent, and prosecute illicit export activity occurring outside of the global export control system, with a primary focus on weapons of mass destruction and terrorism.

Ensure continued U.S. technology leadership in industries that are essential to national security: BIS works to ensure that the United States remains competitive in industry sectors and sub-sectors critical to national security. To this end, BIS discharges responsibilities under the Defense Production Act and other laws, including administration of the Federal government's Defense Priorities and Allocations System, preparation of reports on selected U.S. industries and the impact of defense trade offsets, advocacy for U.S. defense companies competing for international sales opportunities, and evaluation of the security impact of certain proposed foreign investments in U.S. companies.

FY 2007 Budget Priorities/Management Challenges:

Export Control Automated Support System (ECASS) Modernization Initiative (\$272,000)

Summary:

The ECASS Modernization Initiative is essential if BIS is to continue to successfully administer the system of dual-use export controls that lie at the heart of its national security mission. Legacy ECASS must be replaced with an upgraded system, and this initiative has been designed to do so in the most efficient and effective manner.

FY 2007 Program Increases/Decreases (Dollars in Thousands)

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Export Administration	209	\$38,597	0	\$272

For a detailed description, see Exhibit 13, page 42.

Unit Cost Measures

BIS does not have performance measures that can be shown in unit cost terms. However, BIS is working with its accounting service provider to develop a system to track expenditures associated with each performance measure. Once this tracking system is in place, BIS will develop unit cost performance measures, establish baselines, and project targets that are meaningful.

FY 2005 Program Assessment Rating Tool (PART) Process

In FY 2005, BIS was evaluated using the PART, receiving a score of 72%. The following is quoted from the FY 2005 BIS PART.

The program aims to facilitate US industrial competitiveness in strategic international trade while preventing sensitive goods from falling into dangerous hands. The program does so by administering exports of certain dual-use commodities and enforcing export control, anti-boycott and certain other public safety laws.

The program's purpose, design, and management are strong, however it would benefit from an updated, reauthorized Export Administration Act. A new act would clarify some outdated control requirements, increase penalties for violations, and specify interagency licensing processes.

The program has long-term and annual measures that relate to the program's goals, and targets are largely met, including those related to increasing efficiency. For example, with little change in resources, the program was able to increase the number of export licenses reviewed as well as processing such licenses more rapidly in 2004, thus better serving the export community.

During the FY 2005 PART process, discussions with the Office of Management and Budget (OMB) stressed the need for BIS to review their overall performance goals, measures, and targets. The PART provided the impetus needed to initiate an overall BIS review of the existing performance metrics in the fall of 2005.

Target and Performance Summary

BIS is currently in the process of reviewing its performance goals, measures and targets to better reflect the strategic aims of the Department of Commerce, Bureau of Industry and Security, and the Administration.

	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Target	FY 2007 Target
Performance Goal 1: Advance U.S. National Security, Foreign Policy, and Economic Interests by Enhancing the Effectiveness and Efficiency of the Export Control System						
Median Processing Time for Referrals of Export Licenses to Other Agencies (Days)	New	4	3	3	9	9
Median Processing Time for Export Licenses Not Referred to Other Agencies (Days)	New	9	9	7	15	15
Median Processing Time for Issuing Draft Regulations (Months)	New	7	2	1	3	3
Level of Exporter Understanding of BIS Export Control Requirements	Value of Information (average score on scale of 1-5)	4.2	4.2	4.2	4.2	4.2
	Percent Knowledge Gained (Index)	New	New	45%	46%	45%
Percent of Industry Assessments Resulting in BIS Determination on Export Controls	New	New	New	New	100%	100%
Performance Goal 2: Ensure U.S. Industry Compliance with the CWC Agreement						
Number of Site Assistance Visits Conducted to Assist Companies Prepare for International Inspections	16	12	12	12	2	2
Performance Goal 3: Prevent Illegal Exports and Identify Violators of Export Prohibitions and Restrictions for Prosecution						
Number of Investigative Actions That Result in the Prevention of a Violation and Cases Which Result in a Criminal and/or Administrative Prosecution	82	250	310	583	315	315
Number of Post-Shipment Verifications Completed	300	397	401	512	500	500
Performance Goal 4: Enhance the Export and Transit Controls of Nations Seeking to Improve Their Export Control System						
Number of Targeted Deficiencies Remedied in the Export Control Systems of Program Nations	25	39	41	40	40	40

Resource Requirements Summary

Performance Goal 1: Advance U.S. National Security, Foreign Policy, and Economic Interests by Enhancing the Effectiveness and Efficiency of the Export Control System								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 President's	FY 2007 Base	Increase/ Decrease	FY 2007 Request
Management and Policy Coordination	2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Export Administration	24.7	28.3	22.4	27.8	32.9	37.0	0.3	37.3
Reimbursable ¹	0.7	1.5	1.1	1.7	1.0	1.0	0.0	1.0
Total Funding ²	27.6	29.8	25.8	29.5	33.9	38.0	0.3	38.3
IT Funding	1.8	1.6	2.3	2.2	2.2	2.2	0.0	2.2
FTE ³	156	190	163	171	201	202	0.0	202

¹ Reimbursable funding included in total funding.

² IT funding included in total funding.

³ Includes reimbursable FTEs.

Notes: Totals may differ slightly due to rounding.

Total obligations may differ from those reported in other exhibits due to inclusion of restorations of prior year funds in the amounts cited above.

Performance Goal 2: Ensure U.S. Industry Compliance with the Chemical Weapons Convention Agreement								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 President's	FY 2007 Base	Increase/ Decrease	FY 2007 Request
Management and Policy Coordination	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Export Administration	4.5	5.9	7.0	7.2	7.2	7.2	0.0	7.2
Reimbursable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	4.5	5.9	7.0	7.2	7.2	7.2	0.0	7.2
IT Funding	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FTE	22	29	22	23	23	23	0	23

¹ Reimbursable funding included in total funding.

² IT funding included in total funding.

³ Includes reimbursable FTEs.

Notes: Totals may differ slightly due to rounding.

Total obligations may differ from those reported in other exhibits due to inclusion of restorations of prior year funds in the amounts cited above.

Performance Goal 3: Prevent Illegal Exports and Identify Violators of Export Prohibitions and Restrictions for Prosecution

	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 President's	FY 2007 Base	Increase/ Decrease	FY 2007 Request
Management and Policy Coordination	2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Export Enforcement	27.3	40.7	30.2	31.4	35.0	32.2	0.0	32.2
Reimbursable ¹	0.3	0.3	0.3	0.3	0.3	0.3	0.0	0.3
Total Funding	30.0	41.0	34.3	31.7	35.3	32.5	0.0	32.5
IT Funding ²	2.0	2.1	3.8	2.4	2.4	2.4	0.0	2.4
FTE	171	226	173	157	181	183	0.0	183

¹ Reimbursable funding included in total funding.

² IT funding included in total funding.

³ Includes reimbursable FTEs.

Notes: Totals may differ slightly due to rounding.

Total obligations may differ from those reported in other exhibits due to inclusion of restorations of prior year funds in the amounts cited above.

Performance Goal 4: Enhance the Export and Transit Control Systems of Nations that Lack Effective Control Arrangements

	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 President's	FY 2007 Base	Increase/ Decrease	FY 2007 Request
Management and Policy Coordination	1.5	1.4	2.2	1.7	1.7	1.9	0.0	1.9
Reimbursable ¹	3.8	4.1	7.0	6.9	14.8	6.4	0.0	6.4
Total Funding	5.3	5.5	9.2	8.6	16.5	8.3	0.0	8.3
IT Funding ²	0.4	0.3	.5	.1	0.1	.1	0.0	0.1
FTE	9	9	9	11	11	11	0.0	11

¹ Reimbursable funding included in total funding.

² IT funding included in total funding.

³ Includes reimbursable FTEs.

Notes: Totals may differ slightly due to rounding.

Total obligations may differ from those reported in other exhibits due to inclusion of restorations of prior year funds in the amounts cited above.

Grand Total								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 President's	FY 2007 Base	Increase/ Decrease	FY 2007 Request
Operations and Administration								
Management and Policy Coordination	6.0	2.2	1.9	1.7	1.7	1.9	0.0	1.9
Export Administration	29.2	33.8	29.4	35.0	40.1	44.2	0.3	44.5
Export Enforcement	27.3	40.7	29.3	31.4	35.0	32.2	0.0	32.2
Total Funding	67.6	76.7	73.9	77.0	92.9	86.0	0.3	86.3
Direct	62.5	67.9	67.8	68.1	76.8	78.3	0.3	78.6
Reimbursable ¹	5.1	8.8	6.1	8.9	16.1	7.7	0.0	7.7
IT Funding ²	4.2	4.2	6.3	4.7	4.7	4.7	0.0	4.7
FTE ³	358	454	365	362	416	419	0.0	419

¹ Reimbursable funding included in total funding.

² IT funding included in total funding.

³ Includes reimbursable FTEs.

Notes: Totals may differ slightly due to rounding.

Total obligations may differ from those reported in other exhibits due to inclusion of restorations of prior year funds in the amounts cited above.

Human Capital Initiative Funding is included in "overhead" and distributed appropriately across all four BIS Goals.

Skill Summary:

Extensive working knowledge of the EAA, Export Administration Regulations (EAR), and related Executive Orders pertaining to the control of dual-use commodities

Knowledge of world political/economic systems and current trends in U.S. trade and national security and foreign policy issues

Superior analytic abilities for complex licensing/policy decisions and regulatory interpretations

Performance Goal 1: Advance U.S. National Security, Foreign Policy, and Economic Interests by Enhancing the Effectiveness and Efficiency of the Export Control System

Corresponding Strategic Goal 1: Provide the Information and Tools to Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers

Corresponding General Goal / Objective 1.2: Advance Responsible Economic Growth and Trade While Protecting American Security

Rationale:

BIS assists U.S. companies engaged in international trade by analyzing export license applications for controlled commodities in accordance with EAR. BIS, in conjunction with the Departments of State, Defense, and Energy, also assists U.S. companies by making prompt decisions on license and related applications and by providing guidance to exporters on how to conform to applicable laws and regulations. BIS is particularly vigilant in evaluating transactions involving advanced technologies and dual-use products that potentially can be diverted to use in missile programs or in chemical, biological, nuclear, or conventional weapons programs. BIS also implements the DPA by analyzing the defense industrial and technology base to ensure that the United States remains competitive in sectors that are critical to national security.

Responding to an increased concern about the proliferation of weapons of mass destruction, BIS continues to refine U.S. export controls in light of geopolitical and economic realities. BIS also seeks to enhance the effectiveness of the EAR by educating exporters and other stakeholders in the export licensing process, thereby improving industry compliance with export control regulations. These efforts will increase the efficiency of the license processing system and thus enable exporters to be more competitive in the global economy while deterring transactions that threaten U.S. security interests. The language of performance goal 1 is being changed from “Protect the U.S. National Security and Economic Interests by Enhancing the Efficiency of the Export Control System” to “Advance U.S. National Security, Foreign Policy, and Economic Interests by Enhancing the Effectiveness and Efficiency of the Export Control System,” which more accurately describes BIS’s mission and responsibilities.

The ECASS Modernization Initiative is essential if BIS is to continue to successfully administer the system of dual-use export controls that lie at the heart of its national security mission. Legacy ECASS must be replaced with an upgraded system, and this initiative has been designed to do so in the most efficient and effective manner.

FY 2007 Program Increases/Decreases:

Program Initiative	Funding Request	Anticipated Impact	Location in the Budget
BIS Export Control Automated Support System (ECASS) Modernization Initiative	0 Positions, 0 FTEs, and \$272,000	BIS will begin the ECASS Modernization Initiative to reengineer 10% of its licensing application process and define further requirements.	Export Administration See Page BIS-42.

Measure 1a: Median Processing Time for Referral of Export Licenses to Other Agencies (Days)

This measure, which was developed using the timeliness factors in Executive Order 12981, tracks the median processing time of an export license application from its receipt to its referral to other agencies. Approximately 85 percent of all export licenses must be referred to other agencies as dictated by Executive Order 12981. BIS is reviewing whether to revise this measure to more clearly track the performance standard set forth in the Executive Order. Until the measure is formally revised, BIS will retain the target of 9 days in FY 2007.

Measure 1b: Median Processing Time for Export Licenses Not Referred to Other Agencies (Days)

This is the other component of the license application inventory (about 15 percent of all applications received). As with measure 1a, BIS is reviewing whether to revise this measure to more clearly track the performance standard set forth in Executive Order 12981. Until the measure is formally revised, BIS will retain the target of 15 days in FY 2007.

Measure 1c: Median Processing Time for Issuing Draft Regulations (Months)

BIS routinely issues new and amended regulations to effectuate its responsibilities under the EAA. Whether regulations liberalize or restrict industry activity, their prompt promulgation benefits the United States from a trade, economic, and national security perspective. Regulatory changes can, for example, reduce the number of license requirements imposed on U.S. exporters, close loopholes in the regulations, implement international agreements, adapt controls to geopolitical developments, or address new export control challenges. The majority of BIS regulations issued implement changes agreed to in the four multilateral control regimes in which the United States participates: Wassenaar Arrangement (conventional arms and related sensitive dual-use goods), Nuclear Suppliers Group, Missile Technology Control Regime, and the Australia Group (chemical and biological controls). This measure will track the length of time it takes BIS to issue a draft regulation after regime changes have been received and analyzed. There is a significant amount of time that is spent analyzing each regime resolution before actual drafting of a regulation can begin. For example, BIS must determine the appropriate level of unilateral controls for items decontrolled by the Regimes before it can change its regulations. Until the measure is formally revised, BIS will retain the target of 3 months in FY 2007.

Measure 1d. Level of Exporter Understanding of BIS Export Control Requirements

This measure indicates the effectiveness of BIS's export control outreach program. BIS's export control outreach program is a means for transferring knowledge from the government to the private sector regarding export control requirements. BIS's outreach program to the domestic and international business communities is a form of preventive enforcement that encourages compliance with the EAR. Seminars also help to heighten business awareness of the U.S. Government's export control policy objectives and improve compliance with regulatory requirements. The first metric measures the overall value of information presented on a scale of 1 to 5 by calculating an average of all scores given to a set of questions. The second metric is an index that reflects the knowledge gained by exporters who attend BIS seminars. Until the measure is formally revised, BIS will retain the current targets in FY 2007.

Measure 1e: Percent of Industry Assessments Resulting in BIS Determination on Export Controls

The Office of Technology Evaluation (OTE), (to be funded and established in FY 2006), will be responsible for assessing the current status of technologies employed in U.S. industries whose products are subject to export controls – in order to determine if those technologies have changed in such ways that existing controls should be revised or new controls should be imposed, and in order to determine if the control criteria remain pertinent and relevant or should be altered so the controls achieve the greatest possible beneficial effect and avoid unintended consequences. Because all determinations by BIS concerning whether

existing controls should be revised ought to be informed by rigorous assessments of the technology employed in producing the products to which the controls apply, BIS seeks to establish an OTE to conduct such assessments. BIS anticipates that such assessments will be of such importance to its decision making concerning revising existing or imposing new controls that 100 percent of the export control-focused industry assessments OTE conducts will be instrumental in determining whether – and, if so, how – to revise existing or establish new export controls. Until the measure is formally revised, BIS will retain the 100% target for FY 2007.

Program Evaluations:

The Government Accountability Office (GAO) and the Department of Commerce's Office of Inspector General (OIG) continued to review BIS's programs and activities. BIS's Office of Planning, Evaluation and Management (OPEM) conducted a review of the performance data to ensure that it was complete and accurate. In addition to the review, OPEM produces monthly performance reports for the performance measures tracked by ECASS and semiannual reports for other selected measures tracked by paper evidence. During this process, significant deviations from projected targets, if any, were discussed with the appropriate office so that program changes could be made to help meet BIS performance goals.

Cross Cutting Activities:

Intra-Department of Commerce

BIS works with the International Trade Administration's (ITA) U.S. and Foreign Commercial Service (US&FCS) offices located around the world to coordinate activities associated with planning and conducting export control seminars, Pre-License Checks (PLCs), and Post-Shipment Verifications (PSVs).

BIS employs a full-time EA specialist in the Department of Commerce's Public Information Office in the Reagan International Trade Center. The specialist operates as an export counselor providing information in response to walk-in or telephone inquiries.

Other Government Agencies

Departments of State, Defense, Energy, Treasury, and Justice and the Central Intelligence Agency (CIA) – BIS works with these Executive Branch agencies to develop and implement U.S. export control policy and programs, including reviewing license applications, developing encryption policy and high-performance computer control policy, implementing sanctions, and participating in multilateral regimes such as the Wassenaar Arrangement, the Missile Technology Control Regime, the Nuclear Suppliers Group, and the Australia Group. BIS also coordinates intelligence and law enforcement operations with these agencies.

Government/Private Sector

Technical Advisory Committee – BIS consults with Committee members who are appointed by the Secretary of Commerce to advise the U.S. Government on matters and issues pertinent to implementation of the provisions of the EAA and the EAR, as amended, and related statutes and regulations. These issues relate to U.S. export controls for national security, foreign policy, nonproliferation, and short supply reasons.

External Factors and Mitigation Strategies:

Compliance with dual-use export control laws may be compromised if exporters are not aware of changes in requirements pertaining to them. BIS mitigates this situation by ensuring that exporters have ready access to regulatory and policy changes through seminars, individual counseling, and the Internet.

Performance Goal 2: Ensure U.S. Industry Compliance with the CWC Agreement

Corresponding Strategic Goal 1: Provide the Information and Tools to Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers

Corresponding General Goal / Objective 1.2: Advance Responsible Economic Growth and Trade While Protecting American Security

Rationale:

BIS is responsible for ensuring U.S. industry's compliance with the treaty requirements of the CWC Agreement. BIS collects, validates, and aggregates data from those U.S. companies that manufacture or use chemicals covered by the convention; educates those companies on their treaty rights and obligations; and serves as the lead U.S. Government agency for hosting international inspectors who are inspecting U.S. business facilities subject to Convention requirements. BIS's primary host team role is to ensure that confidential business information is protected during inspections of U.S. firms. In addition, with the ratification by the U.S. Senate of the Additional Protocol to the International Atomic Energy Agency (IAEA) Safeguards Agreement, BIS will serve as lead U.S. Government agency in U.S. industry's compliance with the Protocol and will be required to discharge responsibilities similar to those imposed under the CWC.

Program Increases/Decreases: None.

Measure 2a: Number of Site Assistance Visits Conducted to Assist Companies Prepare for International Inspections

BIS is responsible for overseeing industry compliance with the CWC and under the IAEA Protocol (when ratified). This responsibility includes facilitating domestic visits of international inspection teams to determine compliance with the multilateral treaty obligations by covered U.S. facilities, and informing industry of its obligations under the treaty. Industry site assistance visits prepare covered facilities to receive a team of international inspectors. These visits are to ensure that the inspections run smoothly with no potential loss of proprietary business information.

The FY 2006 and FY 2007 target for this measure is being reduced from twelve (12) Site Assistance Visits to two (2) per year. The OPCW has revised their basis for selecting U.S. inspections. During the initial phases of CWC implementation, BIS knew which facilities were going to be inspected by the OPCW because the treaty required all Schedule 1 and 2 facilities to receive an initial inspection. However, all of the Schedule 1 and 2 facilities have been inspected, and the OPCW will reinspect them once every three to five years and conduct a lottery to inspect Schedule 3 facilities and unscheduled discrete organic chemical (UDOC) facilities. BIS has conducted site assistance visits (SAVs) at all Schedule 1, 2, and 3 facilities that have consented to receive them. There are 552 UDOC plant sites subject to inspection, and since 2000 only four of those sites have been inspected. Given the inability to determine which facilities will be inspected and the low frequency of inspection, BIS is reducing the target for this measure. A revised measure is under consideration which will eliminate this measure entirely and focus on an overall measure of industry compliance with the CWC Agreement. Until the measure is formally revised, BIS will retain the target of two Site Assistance Visits in FY 2006 and FY 2007.

Program Evaluations:

The GAO and the Department of Commerce's OIG continued to review BIS's programs and activities. BIS's OPEM conducted a review of the performance data to ensure that it was complete and accurate. In addition to the review, OPEM produces monthly performance reports for the performance measures tracked by ECASS and semiannual reports for other selected measures tracked by paper evidence. During this process, significant deviations from projected targets, if any, were discussed with the appropriate office so that program changes could be made to help meet BIS performance goals.

Cross Cutting Activities:

Intra-Department of Commerce: None

Other Government Agencies:

Governments of nations that conform to the CWC – BIS has negotiated bilateral and multilateral agreements that demonstrate compliance with the CWC.

Departments of State and Defense – BIS works with these Executive branch agencies to develop and implement U.S. policy and programs related to implementation of the CWC and to effectively coordinate industry site visits so that inspected companies comply with their statutory and regulatory obligations.

Government/Private Sector:

American Chemistry Council and the Society of Chemical Manufacturers of America – BIS negotiates controls and policies that conform to the CWC while also protecting the valid concerns and interests of U.S. industry.

External Factors and Mitigation Strategies:

BIS conducts both informational seminars and outreach visits that help companies prepare for CWC inspections. The OPCW establishes the number of CWC inspections based on: (1) a mandated minimum number, and (2) risk assessments that the OPCW performs. BIS mitigates these potential problems by working closely with the OPCW to anticipate inspection requirements and properly address them in the budget planning process.

Performance Goal 3: Prevent Illegal Exports and Identify Violators of Export Prohibitions and Restrictions for Prosecution

Corresponding Strategic Goal 1: Provide the Information and Tools to Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers

Corresponding General Goal / Objective 1.2: Advance Responsible Economic Growth and Trade While Protecting American Security

Rationale:

To be effective, export controls must be enforced and violators punished. BIS enforces dual-use export controls for reasons of national security, foreign policy, nonproliferation, anti-terrorism, and short supply. The Bureau also enforces the antiboycott provisions of the EAR, the Chemical Weapons Convention Implementation Act (CWCIA), and the Fastener Quality Act (FQA). BIS special agents investigate potential violations of these laws, and build and present cases for criminal or administrative prosecution.

BIS enforcement personnel also conduct outreach and educational programs to train U.S. exporters to identify and avoid illegal transactions. A key element of BIS's preventive measures program is the on-site visits made to both current and potential foreign end-users of sensitive technology. In addition, BIS works with the international multilateral regimes for non-proliferation to encourage other governments to implement enforcement measures consistent with the Bureau's export enforcement efforts.

Program Increases/Decreases: None.

Measure 3a: Number of Investigative Actions That Result in the Prevention of a Violation and Cases Which Result in a Criminal and/or Administrative Prosecution

This performance measure will capture the actual number of EE leads and cases that result in a prevention of a violation. Prevention may be accomplished by an investigative lead which results in agent outreach to a business, a freight forwarder, or any party to an export, and deters or prevents an unauthorized export. This measure will also count preventions that are achieved through cases that result in a criminal penalty or administrative resolution, rather than simply investigations accepted for prosecution. This measure will reflect the actual number and type of preventive enforcement actions conducted including: detentions of suspect exports, seizures of unauthorized shipments, industry outreach and issuance of warning letters for first time and/or minor export offenses, screened licenses targeted for enforcement concerns, recommended denials of license applications based on diversion or false statement indicators, recommended placement of parties on the Unverified List and denials on visa requests, detection of violations of license conditions, and other preventive actions that identify and prevent suspect transactions. The implementation of this measure will allow BIS to gauge its overall effectiveness in terms of successful prosecutions and preventive enforcement.

BIS will monitor and enhance compliance with license conditions, by detecting and prosecuting violations of such conditions. Until the measure is formally revised, BIS will retain the target of 315 in FY 2006 and FY 2007.

Measure 3b: Number of Post-Shipment Verifications Completed

The continued rapid development of technology presents great economic and trade opportunities for the United States but also raises significant potential risks to our national security and our ability to maintain a military and technological advantage. Consistent with DOC's goal of increasing national security while facilitating trade, BIS's Office of Export Enforcement (OEE) conducts end-use verification checks (EUCs). A primary means for conducting EUCs is Sentinel visits (formerly known as "Safeguards") conducted under the Sentinel Program. During Sentinel trips, OEE agents attempt to verify bona fides of consignees named on a BIS license, and confirm that the equipment is being used in conformance with conditions on the license. By conducting PSVs, BIS can provide a level of assurance that foreign end-users are aware of BIS license restrictions and comply with them. PSV's also identify diverted transactions and reveal untrustworthy end-users and intermediate consignees.

Sentinel trips are resource intensive. Each trip requires a team of two special agents for nearly six weeks to perform target analysis, pre-departure technical training, actual travel, and the subsequent post-trip briefings and final report. The end-use check workload is likely to increase significantly. With the increase of trade and licensing applications in key sectors, and the increased number of requests from other U.S. Government agencies, BIS will increase the target to 500 in FY 2006 and FY 2007. The PSV target of 500 is a 25 percent increase from FY 2005 due to the increase in the Sentinel funding.

Program Evaluations:

The GAO and the Department of Commerce's OIG continued to review BIS's programs and activities. BIS's OPEM conducted a review of the performance data to ensure that it was complete and accurate. In addition to the review, OPEM produces monthly performance reports for the performance measures tracked by ECASS and semiannual reports for other selected measures tracked by paper evidence. During this process, significant deviations from projected targets, if any, were discussed with the appropriate office so that program changes could be made to help meet BIS performance goals.

Cross Cutting Activities:

Intra-Department of Commerce

BIS works with the Office of Chief Counsel for Industry and Security (OCC/IS) on administrative cases developed by BIS's enforcement agents.

BIS works with the Census Bureau on seminars and data sharing, including Shipper's Export Declarations (SED). BIS is also working with the Census Bureau on the Automated Export System, a joint venture with other U.S. Government agencies that seeks to implement electronic submission of SED data by the exporter.

BIS works with the ITA and the US&FCS offices located around the world to conduct PSVs.

Other Government Agencies

Departments of State, Justice (DOJ) and its Federal Bureau of Investigation (FBI), Homeland Security and its Bureau of Immigration and Customs Enforcement (ICE), U.S. Postal Service, and the intelligence community – BIS works with these agencies on law enforcement matters, including development of leads, intelligence coordination, implementation of export control policy, and coordination of export license, antiboycott, and fastener quality investigations. BIS field offices participate in interagency working groups with the FBI and the U.S. Postal Service, and shares data with ICE via the Treasury Enforcement Computer System (TECS).

Government/Private Sector: None

External Factors and Mitigation Strategies:

Priorities and resources of DOJ and OCC/IS directly influence the achievement of this goal. BIS mitigates this situation by targeting investigations effectively, conducting them in a professional manner, and presenting them persuasively to prosecutors. BIS may also have to rely on other agencies to conduct certain investigative activities. BIS mitigates this by maintaining regular communication with those agencies. BIS also diligently seeks opportunities to work cases jointly with other law enforcement agencies.

The increasing volume and complexity of international commerce directly increases the difficulty of applying and enforcing export controls and, consequently, the difficulty of preventing proliferation. BIS mitigates this situation by conducting visits overseas to educate foreign consignees about U.S. export laws and by sharing information with foreign export control officials. BIS attempts to focus investigative resources on areas that pose the greatest risk to national security.

Performance Goal 4: Enhance the Export and Transit Controls of Nations that Lack Effective Control Arrangements

Corresponding Strategic Goal 1: Provide the Information and Tools to Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers

Corresponding General Goal / Objective 1.2: Advance Responsible Economic Growth and Trade While Protecting American Security

Rationale:

Strong enforcement of U.S. export regulations is critical to protect U.S. security interests. However, U.S. national interests can also be jeopardized if sensitive materials and technologies from other nations reach countries of concern or terrorists. For this reason, BIS's strategy includes promoting the establishment of effective export control systems by other nations. BIS has been assisting the countries of the former Soviet Union and the former Warsaw Pact nations of Central Europe to strengthen their export control and enforcement regimes. BIS is also now extending technical assistance to other countries considered export or transit proliferation risks.

Through a series of bilateral and regional cooperative activities co-sponsored with the State Department, BIS helps the nations with which it works to: (1) develop the procedures and requirements necessary to regulate the transfer of sensitive goods and technologies, (2) enforce compliance with these procedures and requirements, and (3) promote the industry-government partnerships necessary for an effective export control system to meet international standards.

Program Increases/Decreases: None

Measure 4a: Number of Targeted Deficiencies Remedied in the Export Control Systems of Program Nations

This performance measure is intended to measure the achievement of BIS's international cooperation program in remedying deficiencies in the export control systems of key nations. BIS's program aims to enhance the export and transit control systems of nations are seeking to improve their export control systems. Each targeted deficiency represents a specific facet of an export or transit control system that BIS seeks to strengthen through its cooperative activities in participating countries. BIS's Model Country Program has identified 59 possible targeted deficiencies and matching remedial activities that are used to assess each country's export control program. Each targeted deficiency remedied shows how BIS can document the influence of its extensive bilateral and regional cooperative activities.

BIS bases and establishes future targets on the pace and timing of activities and the availability of resources to conduct the exchanges that produce outcomes. Because they require action on the part of sovereign governments, outcomes from BIS activities are often not immediately achieved. As a result, for many outcomes, there is an inherent time delay of as much as six months to two years between the performance of an export control technical exchange that addresses a specific desired outcome and BIS's ability to obtain confirming evidence that the outcome has been achieved. Estimates of future targets are based on historical experience related to the number of outcomes that have been addressed by past technical exchanges, but that have not yet been confirmed with evidence, and the number of new outcomes that will be addressed by technical exchanges during the current fiscal year. BIS expects a slightly higher level of activity in this area and increased reimbursable funding from other agencies. The target of 40 will be retained in FY 2006 and FY 2007.

Program Evaluations:

The GAO and the Department of Commerce's OIG continued to review BIS's programs and activities. BIS's OPEM conducted a review of the performance data to ensure that it was complete and accurate. In addition to the review, OPEM produces monthly performance reports for the performance measures tracked by ECASS and semiannual reports for other selected measures tracked by paper evidence. During this process, significant deviations from projected targets, if any, were discussed with the appropriate office so that program changes could be made to help meet BIS performance goals.

Cross Cutting Activities:

Intra-Department of Commerce

ITA and OCC/IS support BIS's program to assist key nations to establish strong, effective export controls.

Other Government Agencies

ICE and the CIA's Weapons Intelligence, Nonproliferation, and Arms Control Center – BIS coordinates with these agencies regarding export control cooperation technical exchanges and activities with other nations.

Departments of State, Defense, Energy, and Justice, ICE, and the FBI – BIS works with these agencies to coordinate assessments of the international export control system and to prioritize, design, and fund programs in which interagency resources are focused on specific national and regional issues.

Government/Private Section: None

External Factors and Mitigation Strategies:

BIS works with other agencies on the technical exchange and other activities relating to international export control cooperation. Two factors that drive the scheduling of technical exchange activities are: (1) the interagency coordination process that enables agency experts to participate in the exchanges, and (2) the priorities of the countries involved. BIS mitigates these factors by conducting close and frequent consultations with pertinent U.S. agencies and client nation officials.

Unforeseeable shifts in U.S. policy (for example, suspension of activity with a particular country) or in the policies of client nations occasionally may preclude execution of funded, scheduled events or participation of certain national invitees. BIS mitigates these situations by designing fewer events that appeal to a broader range of potential participants. BIS also works with service providers to minimize cancellation costs.

Data Validation and Verification

BIS's OPEM conducts an annual review of the performance data to ensure that it is complete and accurate. During this process, significant deviations from projected targets, if any, are discussed with the appropriate office so that program changes can be made to help meet BIS's performance goals.

The actual validation process is conducted following procedures similar to audit principles including sampling and verification of data. Case information is regularly downloaded from the management information systems and imported into databases and spreadsheets for analysis. In some cases, information is manually checked against actual paper files to ensure the accuracy of information in the management information systems. Additionally, documentation is reviewed and a determination is made on its adequacy and sufficiency to support claims that outcomes and outputs have been achieved.

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be taken
Median Processing Time for Referrals of Export Licenses to Other Agencies (Days)	ECASS	Monthly	ECASS	BIS's OPEM will perform two types of checks to ensure data are entered where they should be (system integrity) and to ensure that the data are accurate and valid	None	None
Median Processing Time for Export Licenses Not Referred to Other Agencies (Days)	ECASS	Monthly	ECASS	BIS's OPEM will perform two types of checks to ensure data are entered where they should be (system integrity) and to ensure that the data are accurate and valid	None	None
Median Processing Time for Issuing Draft Regulations (Months)	Paper records such as official publications and draft regulations	Semi-annual	Office Files	BIS's OPEM will validate the performance measure against supporting documentation	None	None

Performance Measure		Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be taken
Level of Exporter Understanding of BIS Export Control Requirements	Value of Information (Average Score on a scale of 1-5)	Export Seminar Surveys	Monthly	Survey Results Database	BIS's OPEM will validate the performance measure against supporting documentation	Data is dependent on the voluntary responses of seminar participants and in based on respondent opinion. Opinion may, or may not be a factual indicator of performance.	None
	Percent Knowledge Gained Index	Export Seminar Surveys	Monthly	Survey Results Database	BIS's OPEM will validate the performance measure against supporting documentation	None	None
Percent of Industry Assessments Resulting in BIS Determination on Export Controls		Written Determination to Impose, Revise, or Continue Controls Based on the Results to the Assessment	Semi-annual	Office Files	BIS's OPEM will validate the performance measure against supporting documentation	None	None
Number of Site Assistance Visits Conducted to Assist Companies Prepare for International Inspections		Site Assistance and Inspection Reports	Semi-annual	Office Files	BIS's OPEM will validate the performance measure against supporting documentation	None	None

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be taken
Number of Investigative Actions that Result in the Prevention of a Violation and Cases Which Result in a Criminal and/or Administrative Prosecution	Export Enforcement IMS	Monthly	Export Enforcement IMS	BIS's OPEM will perform two types of checks to ensure data are entered where they should be (system integrity) and to ensure that the data are accurate and valid	None	None
Number of Post-Shipment Verifications Completed	ECASS	Monthly	ECASS	BIS's OPEM will perform two types of checks to ensure data are entered where they should be (system integrity) and to ensure that the data are accurate and valid	None	None
Number of Targeted Deficiencies Remedied in the Export Control Systems of Program Nations	Paper Records	Semi-annual	Office Files	BIS's OPEM will validate the performance measure against supporting documentation	None	None

FY 2007 Annual Performance Plan
U.S. Census Bureau

Mission Statement

The Census Bureau serves as the leading source of quality data about the nation's people and economy. We honor privacy, protect confidentiality, share our expertise globally, and conduct our work openly. We are guided on this mission by our strong and capable workforce, our readiness to innovate, and our abiding commitment to our customers.

The U.S. Census Bureau's strategic goal is to "meet the needs of policymakers, businesses, non-profit organizations, and the public for current and benchmark measures of the U.S. population, economy, and governments." This supports the Department of Commerce (DOC) Strategic Goal 1, to "provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers." It also directly supports DOC general goal/objective 1.3, to "enhance the supply of key economic and demographic data to support effective decision-making of policymakers, businesses and the American public."

The Fiscal Year (FY) 2007 request reflects a conscious decision to look to lower priority program areas to fund higher priority programs. The Census Bureau's highest priority program is the 2010 Decennial Census Program. The Census Bureau proposes to design a new data collection system on income and wealth dynamics that would replace the Survey of Income and Program Participation (SIPP), and eliminate the Vehicle Inventory and Use Survey in the Economic Census.

Priorities/Management Challenges

The FY 2007 request reflects the following Census Bureau priorities/objectives:

- To meet constitutional and legislative mandates by implementing a reengineered 2010 Decennial Census Program that is cost-effective, provides more timely data, improves accuracy, and reduces operational risk,
- To meet the needs of policymakers, businesses, non-profit organizations, and the public for current measures of the U.S. population, economy, and governments,
- To support the economic and political foundations of the U.S. by producing benchmark measures of the economy and population for the administration and equitable funding of federal, state, and local programs,
- To support innovation, promote data use, minimize respondent burden, respect individual privacy, and ensure confidentiality, and
- To implement the initiatives in the President's Management Agenda.

The Census Bureau faces a number of key challenges in continuing to provide timely, reliable, and confidential data about the economy and population of the United States. The following challenges are viewed as among the most significant because of their importance to the Census Bureau mission; mitigating strategies are discussed in the second to the last section:

- Perceptions of the role of government in society. Public perception of both government and non-government intrusion into personal and business information privacy is increasingly negative. This affects the response rate to surveys and censuses and will be a significant factor affecting the future performance of the Census Bureau.
- The economy. Measuring our ever evolving and rapidly changing economy is becoming increasingly difficult as firms adopt new organizational structures and relationships, embrace new ways of doing business and streamline their internal and external processes. These changes often alter traditional record keeping practices, posing additional data collection challenges.
- Privacy. Data stewardship involves establishing policies that protect confidentiality, reduce reporting burden, and maximize data use. As technology provides a greater ability to collect, process, and disseminate data, it also presents greater challenges to protect data from improper access and use. Any concerns about privacy of information in the Internet age, confidentiality of information provided to the government, and intrusiveness of government programs are challenges to the Census Bureau in collecting personal information in its surveys and censuses.
- The federal budget. Demands on the federal budget during the next few years will be substantial. The Census Bureau's challenge will be to demonstrate the critical importance of accurate information to the government, the economy, and the public, in the face of budget constraints.

- Workforce and workplace management. Many Census Bureau employees will be eligible for early or regular retirement by 2010. Recruiting, developing, and retaining the next generation of employees will require planning to ensure that specialized technical and managerial knowledge, as well as the Census Bureau’s corporate culture, values, and institutional knowledge, are transferred.

Unit Cost Measures

The Census Bureau continues efforts to develop meaningful unit cost measures for all activities. Measures are selected with four key factors in mind:

1. they are measurable and currently being measured,
2. they represent a cross-section of the program’s activities,
3. they line up with budget items, and
4. they support the goals and objectives of the Department of Commerce’s and Census Bureau’s strategic plans.

Unit cost measures are reflected in the appropriate narrative justifications, as well as this summary table. The figures below reflect unit obligations, not true unit costs.

CENSUS BUREAU UNIT COST MEASURES						
<u>SALARIES & EXPENSES</u>						
Measure	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Enacted	FY 2007 Estimate
Current Surveys and Statistics						
Current Economic Statistics						
Current Retail Trade (Units = Sum of one annual survey and two (annualized) monthly retail trade sector surveys each multiplied by the number of questions asked)	N/A	N/A	N/A	N/A	\$10.12/unit 906,540 units	\$10.56/unit 906,540 units

N/A - not applicable

Measure	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Enacted	FY 2007 Estimate
Current Wholesale Trade (Units = Sum of one annual survey and one monthly (annualized) wholesale trade sector survey each multiplied by the number of questions asked)	N/A	N/A	N/A	N/A	\$19.21/unit 351,600 units	\$20.04/unit 351,600 units
Current Service Trade Reports (Units = Sum of one annual survey and one quarterly (annualized) service sector survey each multiplied by the number of questions asked)	N/A	N/A	\$27.37/unit 525,260 units	\$8.97/unit 1,168,692 units	\$8.79/unit 1,167,092 units	\$8.93/unit 1,199,092 units
Construction Statistics (Units = Two monthly construction sector surveys multiplied by the number of questions asked)	N/A	N/A	\$7.59/unit 610,560 units	\$7.69/unit 668,160 units	\$7.31/unit 718,560 units	\$7.62/unit 718,560 units
Annual Survey of Manufactures (Units = One annual manufacturing sector survey multiplied by the number of questions asked)	N/A	N/A	\$3.24/unit 2,236,000 units	\$3.11/unit 2,236,000 units	\$3.24/unit 2,236,000 units	\$3.38/unit 2,236,000 units
Manufacturers Shipments, Inventories, and Orders (M3) (Units = One monthly (annualized) manufacturing sector survey multiplied by the number of questions asked)	N/A	N/A	N/A	N/A	\$11.84/unit 294,000 units	\$12.35/unit 294,000 units
Business Register (Units = Sum of company variables)	N/A	N/A	\$0.40/unit 68,242,577 units	\$0.38/unit 68,245,577 units	\$0.40/unit 68,245,577 units	\$0.43/unit 68,245,577 units

N/A – not applicable

Measure	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Enacted	FY 2007 Estimate
Foreign Trade Statistics (Units = Sum of export and import data records multiplied by the number of variables for each record)	N/A	N/A	\$0.01/unit 2,599,000,000 units	\$0.01/unit 2,814,100,000 units	\$0.01/unit 2,814,100,000 units	\$0.01/unit 2,814,100,000 units
Quarterly Financial Report (Units = One quarterly (annualized) manufacturing, mining, wholesale and retail trade sectors survey multiplied by the number of questions asked)	N/A	N/A	N/A	N/A	\$2.88/unit 1,904,480 units	\$3.00/unit 1,904,480 units
Finance (Units = Two annual government finance sector surveys multiplied by the number of questions asked)	N/A	N/A	\$2.53/unit 2,592,180 units	\$2.07/unit 3,162,645 units	\$1.99/unit 3,162,645 units	\$2.07/unit 3,162,645 units
Employment (Units = One annual government employment survey multiplied by the number of questions asked)	N/A	N/A	N/A	N/A	\$2.34/unit 649,000 units	\$2.44/unit 649,000 units
Current Demographic Statistics						
Current Population Survey (CPS) (Units = Number of households surveyed each month)	\$47/unit 57,000 units	\$45/unit 57,000 units	\$52/unit 57,000 units	\$55/unit 57,000 units	\$57/unit 57,000 units	\$59/unit 57,000 units
Survey of Income and Program Participation (SIPP) (Units = Number of households surveyed annually)	\$142/unit 94,000 units	\$164/unit 95,000 units	\$157/unit 107,000 units	\$165/unit 96,000 units	\$180/unit 97,000 units	N/A <i>(proposal to replace SIPP with a new data collection system on income and wealth dynamics)</i>
Survey Development and Data Services						
Statistical Abstract (Units = Printed and pdf tables)	\$549/unit 2,816 units	\$531/unit 2,796 units	\$517/unit 2,859 units	\$508/unit 3,000 units	\$496/unit 3,200 units	\$481/unit 3,300 units

N/A - not applicable

Measure	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Enacted	FY 2007 Estimate
<u>PERIODIC CENSUSES & PROGRAMS</u>						
Economic Statistics Programs						
<u>Economic Census</u>						
FY 2002 Economic Census Cycle Cost in Millions of Dollars per 1% GDP Share (Units = 1% GDP share)	N/A	N/A	N/A	\$3.82 million/unit <i>(Final unit cost for the 2002 Economic Census cycle)</i>	N/A	N/A
FY 2007 Economic Census Cycle Cost in Millions of Dollars per 1% GDP Share (Units = 1% GDP share)	N/A	N/A	N/A	N/A	N/A	\$5.89 million/unit <i>(Current unit cost estimate for 2007 Economic Census cycle.)</i>
<u>Census of Governments</u>						
FY 2002 Census of Governments Cycle Cost in Millions of Dollars per 1% GDP Share (Units = 1% GDP share)	N/A	N/A	\$2.25 million/unit <i>(Final unit cost for the 2002 Census of Governments cycle)</i>	N/A	N/A	N/A
FY 2007 Census of Governments Cycle Cost in Millions of Dollars per 1% GDP Share (Units = 1% GDP share)	N/A	N/A	N/A	N/A	N/A	\$2.92 million/unit <i>(Current unit cost estimate for 2007 Census of Governments cycle)</i>

N/A – not applicable

Measure	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Enacted	FY 2007 Estimate
Demographic Statistics Programs						
<u>Intercensal Demographic Estimates</u>						
Annual National Intercensal Population Estimates	N/A	N/A	N/A	\$11.51/unit 62,620 units	\$9.59/unit 75,144 units	\$8.22/unit 87,668 units
Monthly National Intercensal Population Estimates	N/A	N/A	N/A	\$3.71/unit 150,288 units	\$3.71/unit 150,288 units	\$3.71/unit 150,288 units
Annual State Intercensal Population Estimates	N/A	N/A	N/A	\$0.36/unit 2,719,320 units	\$0.30/unit 3,263,184 units	\$0.26/unit 3,807,048 units
Monthly State Intercensal Population Estimates	N/A	N/A	N/A	\$0.03/unit 6,526,368 units	\$0.01/unit 6,526,368 units	\$0.03/unit 6,526,368 units
Annual County Population Estimates	N/A	N/A	N/A	\$0.01/unit 167,478,120 units	\$0.01/unit 200,973,744 units	\$0.01/unit 234,469,368 units
Annual Sub-County Population Estimates	N/A	N/A	N/A	\$5.80/unit 203,625 units	\$4.83/unit 244,350 units	\$4.14/unit 285,075 units
Annual State and County Housing Estimates	N/A	N/A	N/A	\$36.96/unit 15,960 units	\$30.88/unit 19,101 units	\$26.40/unit 22,344 units
(Units = data cells for each estimate)						

N/A – not applicable

Measure	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Enacted	FY 2007 Estimate
2010 Decennial Census Program						
ACS – Initial Mail Collection	N/A	N/A	N/A	\$13.28/unit 2,490,000 units	\$12.49/unit 3,000,000 units	\$12.77/unit 3,000,000 units
ACS – Telephone Non-Response Follow-up	N/A	N/A	N/A	\$16.46/unit 830,000 units	\$16.33/unit 1,000,000 units	\$17.02/unit 1,000,000 units
ACS – Personal Visit Non-Response Follow-up (Units = Number of Households)	N/A	N/A	N/A	\$126.46/unit 400,000 units	\$138.46/unit 480,000 units	\$143.15/unit 480,000 units
MAF/TIGER (geographic database) Street and Address Location Improvements (Units = Number of counties completed during fiscal year)	N/A	N/A	N/A	\$83,121/unit 623 units	\$76,140/unit 700 units	\$77,230/unit 690 units
Demographic Surveys Sample Redesign						
Cycle Cost per Sample Unit for Census 2000-based samples. (Unit = Number of sample housing units provided for the decade for surveys included in the demographic surveys sample redesign program)	N/A	N/A	N/A	N/A	\$19.77/unit 4,274,250 units	N/A
Geographic Support						
Boundary and Annexation Survey (Units = Legally defined governmental entities)	N/A	N/A	N/A	\$446/unit 12,000 units	\$446/unit 13,500 units	\$452/unit 15,000 units

N/A – not applicable

Measure	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Enacted	FY 2007 Estimate
Data Processing Systems						
Desktop Services (Units = Number of desktop units)	N/A	N/A	N/A	\$1,361/unit 1,550 units	\$1,318/unit 1,600 units	\$1,318/unit 1,600 units
LAN Management (Units = Number of users supported by the LAN)	N/A	N/A	N/A	\$1,129/unit 1,600 units	\$1,129/unit 1,600 units	\$1,129/unit 1,600 units
Data Center Operations and Management	N/A	N/A	N/A	\$550/unit 13,136 units	\$550/unit 13,136 units	\$550/unit 13,136 units
Enterprise Systems	N/A	N/A	N/A	\$681/unit 13,136 units	\$681/unit 13,136 units	\$639/unit 13,136 units
Software Engineering /Data Backup	N/A	N/A	N/A	\$494/unit 13,136 units	\$536/unit 13,136 units	\$527/unit 13,136 units
Capital Planning and IT Policy	N/A	N/A	N/A	\$229/unit 13,126units	\$229/unit 13,136 units	\$229/unit 13,136 units
Continuity of Operations (Units = Number of total Census Bureau current staff)	N/A	N/A	N/A	\$115/unit 13,136 units	\$115/unit 13,136 units	\$115/unit 13,136 units

N/A – not applicable

PART Assessments

Seven Census Bureau programs have been evaluated using the Program Assessment and Rating Tool (PART). All of these Census Bureau programs achieved high ratings, with scores in the top third of federal programs. The economic census scored 90% and is in the top 7% of all federal programs. The current demographic statistics and demographic surveys sample redesign programs scored in the top 12% of all federal programs.

U.S. Census Bureau PART Ratings	
Program	Rating
Economic Census	Effective
Current Demographic Statistics	Effective
Demographic Surveys Sample Redesign	Effective
Decennial Census Programs	Moderately Effective
Intercensal Demographic Statistics	Moderately Effective
Current Economic Statistics and Census of Governments	Moderately Effective

The PART process has resulted in several valuable recommendations to make these programs more effective. The Census Bureau has implemented many of the recommendations stemming from the PART assessments. Work continues toward fully implementing the remaining follow-up actions. A milestone schedule for implementing the remaining follow-up actions is updated on a quarterly basis. Actions that the Census Bureau is taking to improve each of the programs are listed in the following table.

PART Follow-up Actions

<i>Program</i>	<i>Recommended Follow-Up Actions</i>	<i>Status</i>
Current Demographic Statistics	Continue early releases of SIPP core and topical module products until the SIPP program is replaced by the new data collection system on income and wealth dynamics.	Action taken, but not completed.
	Design a new data collection system on income and wealth dynamics to replace the SIPP and meet the policy needs of the country.	No action taken yet.

<i>Program</i>	<i>Recommended Follow-Up Actions</i>	<i>Status</i>
Current Demographic Statistics (cont.)	Continue to improve long-term goals for the SIPP by including an ambitious data release schedule.	Completed.
	Develop ways to improve managerial accountability for SIPP release schedules.	Completed.
	Pursue additional independent evaluations of the SIPP to demonstrate that results are being achieved.	Completed.
Intercensal Demographic Estimates	Continue to increase the involvement of state partners and other stakeholders in production and quality review of the estimates and consider more external reviews through annual meetings.	Action taken, but not completed.
	Continue to set ambitious annual performance goals and incorporate them within formal documents.	Action taken, but not completed.
	More clearly incorporate programmatic changes into strategic planning documents, including improving the estimates of international migration and use of the American Community Survey.	Completed.
Demographic Surveys Sample Redesign	More clearly incorporate programmatic changes into strategic planning documents, including redesigning samples on a regular basis using the American Community Survey.	Action taken, but not completed.
	Consider more external evaluations as the program shifts from redesigning based on decennial data to redesigning on a more frequent basis using the American Community Survey and a continually updated Master Address File.	Action taken, but not completed.
Economic Census	Pursue additional independent evaluations of the economic census.	Action taken, but not completed.
	Continue implementing a plan to improve electronic response rates in the 2007 Economic Census.	Action taken, but not completed.
Decennial Census Program	Continue to examine all key cost factors to identify potential areas for savings.	Action taken, but not completed.
	Improve the cost model to be able to more clearly show how annual activities support the long-term performance goals of the 2010 Census.	Action taken, but not completed.

<i>Program</i>	<i>Recommended Follow-Up Actions</i>	<i>Status</i>
Decennial Census (cont.)	Develop ways to improve managerial accountability for cost, schedule, and performance.	Completed.
Current Economic Statistics/Census of Governments	Improve the relevance of current economic statistics data by improving measurement of the services sector.	Action taken, but not completed.
	Facilitate reporting and reduce burden through the use of electronic reporting.	Action taken, but not completed.
	Conduct systematic evaluations of resource allocations within these programs.	Action taken, but not completed.

FY 2007 Program Changes

The FY 2007 budget request includes \$57.650 million and 52 FTE for program changes for Census Bureau cyclical programs. It also includes -\$24.645 million and -215 FTE for non-cyclical program changes.

Cyclical Program Changes

<i>(Dollars in thousands)</i>	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Economic Census	476	\$70,983	102	\$11,455

Fiscal Year 2007 is the third year of the six-year 2007 Economic Census cycle. The primary focus in FY 2007 is the development of the collection instruments and processing systems to be used in the 2007 Economic Census. The FY 2007 budget proposes the elimination of the Vehicle Inventory and Use Survey to help fund the 2010 Census.

<i>(Dollars in thousands)</i>	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Census of Governments	40	\$5,082	29	\$2,673

Fiscal Year 2007 is the third year in the five-year 2007 Census of Governments cycle. The primary focus for FY 2007 is on: data collection and processing in the organization phase; data preparation and initiation of data collection and processing in the employment phase; and the preparation for and start of finance phase data collection and processing.

<i>(Dollars in thousands)</i>	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
2010 Decennial Census Program	3,311	\$468,245	(79)	\$43,522

In FY 2007, the Census Bureau will continue efforts to reengineer the 2010 Decennial Census Program to reduce operational risk, improve accuracy, provide more timely data, and contain costs. It will be the second full year of American Community Survey (ACS) data collection at the full national sample size of 250,000 addresses per month and the first full year of data collection for group quarters. Enhancements to the TIGER (geographic reference file) database will be finished for nearly 89% of the nation's counties in the MAF/TIGER Enhancement Program, keeping us on schedule for completion in FY 2008. Planning and development for a short-form only census in 2010 will be continued. This includes closing out and analyzing the 2006 Census Test, finishing preparations and continuing early operations for the 2008 Dress Rehearsal, making final decisions on questionnaire content, and beginning early operations for the 2010 Census.

Non-Cyclical Program Changes

<i>(Dollars in thousands)</i>	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Current Demographic Statistics	592	\$56,386	(215)	(\$24,645)

For the past two decades, the Survey of Income and Program Participation (SIPP) has been the leading source of information on the well being of Americans. However, the program has room for improvement and has not taken advantage of advancements the Census Bureau has made in other program areas, notably the American Community Survey. Therefore, the FY 2007 request includes sufficient base funds for the design phase of a new data collection system on income and wealth dynamics to meet the policy and operational needs of the country. This redesigned system will replace the SIPP and address the shortcomings that emerged in the current system over its two decades of use. In addition, the FY 2007 request includes funds to facilitate the collection of another wave (i.e., ninth wave) of 2004 SIPP panel data during FY 2007.

Resource Requirements Summary *(Obligations in Millions)*

PERFORMANCE GOAL: MEET THE NEEDS OF POLICY MAKERS, BUSINESSES AND NON-PROFIT ORGANIZATIONS, AND THE PUBLIC FOR CURRENT AND BENCHMARK MEASURES OF THE U.S. POPULATION, ECONOMY, AND GOVERNMENTS

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	Increase/ Decrease	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Actual	Actual	Actual	Enacted	Base		Estimate	Estimate	Estimate	Estimate	Estimate
Salaries and Expenses												
Current Surveys and Statistics												
Current Economic Statistics	111.3	122.9	131.3	133.7	134.9	148.6	0.0	148.6	151.8	155.0	158.3	161.7
Current Demographic Statistics	53.5	54.4	57.9	58.7	57.2	56.4	(24.6)	31.8	38.9	48.8	50.7	52.7
Survey Development and Data Services	4.1	4.3	3.5	3.5	3.4	3.7	0.0	3.7	3.8	3.9	4.0	4.1
Mandatory												
Survey of Program Dynamics	9.9	9.9	10.0	10.0	10.0	10.0	0.0	10.0	10.0	10.0	10.0	10.0
Children's Health Insurance Program.	10.0	10.0	10.0	10.0	10.0	10.0	0.0	10.0	10.0	10.0	10.0	10.0
S&E / Mandatory	188.8	201.5	212.7	215.9	215.5	228.7	(24.6)	204.1	214.5	227.7	233.0	238.5
Periodic Censuses and Programs												
<u>Economic Statistics Programs:</u>												
Economic Census	52.1	86.4	72.8	67.2	68.0	70.9	11.5	82.4	131.2	115.8	110.3	84.2
Census of Governments	5.7	6.5	6.3	5.3	4.6	5.1	2.7	7.8	8.9	8.7	8.0	6.0
<u>Demographic Statistics Programs:</u>												
Intercensal Demographic Estimates	6.3	9.3	9.4	8.8	8.9	9.9	0.0	9.9	10.1	10.3	10.5	10.8
2000 Decennial Census	147.9	92.4	9.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010 Decennial Census Program	64.3	144.7	253.2	388.2	454.0	468.3	43.5	511.8	733.1	1,622.9	5,759.2	708.5
Continuous Measurement	26.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Demographic Surveys Sample Redesign	12.4	12.1	13.0	9.4	10.8	11.0	0.0	11.0	11.7	11.9	12.2	12.4

	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Enacted	FY 2007 Base	Increase/ Decrease	FY 2007 Estimate	FY 2008 Estimate	FY 2009 Estimate	FY 2010 Estimate	FY 2011 Estimate
Electronic Information Collection	6.2	6.2	6.5	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Geographic Support	37.3	37.7	40.1	38.6	37.3	40.2	0.0	40.2	41.0	41.9	42.7	43.6
Data Processing Systems	23.1	23.5	30.8	30.1	30.1	31.0	0.0	31.0	31.6	32.1	32.7	33.3
Suitland Federal Center Office Space Construction	2.1	1.5	23.1	0.9	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Periodic Censuses and Programs	383.8	420.3	465.0	549.7	613.7	636.4	57.7	694.1	967.6	1,843.6	5,975.6	898.8
Reimbursable Obligations	226.9	225.1	252.4	248.0	245.1	246.5	0.0	246.5	246.5	246.5	246.5	246.5
Total Funding	799.5	846.9	930.1	1,013.6	1,074.3	1,111.6	33.1	1,144.7	1,428.6	2,317.8	6,455.1	1,383.8
Direct	572.6	621.8	677.7	765.6	829.2	865.1	33.1	898.2	1,182.1	2,071.3	6,208.6	1,137.3
Reimbursable Obligations	226.9	225.1	252.4	248.0	245.1	246.5	0.0	246.5	246.5	246.5	246.5	246.5
IT Funding	291.4	246.2	363.4	369.5	407.8	407.8	82.6	490.4	545.4	827.0	853.8	410.6
FTE	8,420	7,729	7,795	8,433	9,233	9,300	(163)	9,137				

*Columns may not sum due to rounding

Skills Summary:

Survey statisticians, mathematical statisticians, large-scale census and survey specialists, economists, geographers, demographers, program and management analysts, and information technology specialists.

FY 2007 Target and Performance Summary

Census Bureau Performance Goal: Meet the needs of policymakers, businesses, non-profit organizations, and the public for current and benchmark measures of the U.S. population, economy and governments.						
Measure	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Enacted	FY 2007 Target
Measure 1a. Achieve pre-determined collection rates for Census Bureau censuses and surveys in order to provide statistically reliable data to support effective decision-making of policymakers, businesses, and the public.	New	New	(1) 92.3% response rate for the Current Population Survey (CPS). (2) 91.6% response rate for the National Crime Victimization Survey (NCVS). (3) 90.8% response rate for the American Housing Survey (AHS). (4) 72% response rate for the Survey of Income and Program Participation (SIPP). (5) 96.7% response rate for the American Community Survey (ACS). (6) 85.5% response rate for the Boundary and Annexation Survey (BAS). (7) 81% response rate for the Annual Trade Survey (ATS). (8) 83% response rate for the Annual Retail Trade Survey (ARTS). (9) 78% response rate for Service Annual Survey (SAS).	(1) 91.8% response rate for CPS. (2) 91.6% response rate for NCVS. (3) 89.2% response rate for AHS. (4) 85.2 response rate for SIPP. (5) 96.8% overall weighted response rate using three modes of data collection – mail, telephone, and personal visit for ACS. (6) 85.5% response rate for BAS.	At least 90% of key censuses and surveys meet or exceed their pre-determined collection rates at planned levels of reliability.	At least 90% of key censuses and surveys meet or exceed their pre-determined collection rates at planned levels of reliability.

Census Bureau Performance Goal: Meet the needs of policymakers, businesses, non-profit organizations, and the public for current and benchmark measures of the U.S. population, economy and governments.						
Measure	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Enacted	FY 2007 Target
<u>Measure 1a</u> (continued)			(10) 81% response rate for the Annual Survey of Manufactures (ASM). (11) 77% response rate for employment phase of Census of Governments and 77% response rate for the finance phase.			
<u>Measure 1b.</u> Release data products for key Census Bureau programs on time to support effective decision-making of policymakers, businesses, and the public.	New	New	(1) 10 data products released for SIPP. (2) 2 data products released for the Survey of Program Dynamics (SPD). (3) 4 data products released for Census of Governments. (4) Economic Census Advance Report issued on schedule, in March 2004. (5) 577 Economic Census reports released.	(1) 2 SIPP data products were released by 9/30/05. (2) 12 CPS data products were released by 9/30/05. (3) 6 CPS Supplement data products were released by 9/30/05. (4) 1 AHS data product was released by 9/30/05. (5) Economic Census: Issued 883 (100%) of the geographic series reports by 9/30/05; Issued 2 Survey of Business Owners reports by 9/30/05; Issued Business Expenses Survey Report by 6/30/05.	(1) 100% of economic indicators released on schedule. (2) At least 90% of other data products from key censuses and surveys released on schedule.	(1) 100% of economic indicators released on schedule. (2) At least 90% of other data products from key censuses and surveys released on schedule.

Census Bureau Performance Goal: Meet the needs of policymakers, businesses, non-profit organizations, and the public for current and benchmark measures of the U.S. population, economy and governments.						
Measure	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Enacted	FY 2007 Target
Measure 1b (continued)			(6) All 116 principal Economic Indicators released on schedule.	(6) Released all 116 monthly and quarterly principal economic indicators according to pre-announced time schedule. (7) ASM was released as scheduled. (8) ATS was released as scheduled. (9) ARTS was released as scheduled. (10) SAS was released as scheduled.		
Measure 1c. Introduce Census 2000-based samples as scheduled so that the household surveys can continue through the next decade, and so that policymakers, businesses, and the public can continue to be confident in the major federal socioeconomic indicators these surveys provide.	New	New	(1) New samples implemented for the Survey of Income and Program Participation (SIPP) in February 2004. (2) New samples implemented for the Current Population Survey (including State Children's Health Insurance Program) in April 2004.	(1) Consumer Expenditures Survey – Quarterly samples introduced by 11/30/04 (2) Consumer Expenditures Survey – Diary samples introduced by 1/31/2005 (3) National Crime Victimization Survey samples introduced by 1/31/2005 (4) American Housing Survey –National Sample samples introduced by 5/31/2005.	Census 2000-based samples introduced on schedule.	N/A <i>This measure will be discontinued because 2000-based samples will have been introduced for all surveys.</i>

Census Bureau Performance Goal: Meet the needs of policymakers, businesses, non-profit organizations, and the public for current and benchmark measures of the U.S. population, economy and governments.						
Measure	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Enacted	FY 2007 Target
<u>Measure 1d.</u> Correct street features in TIGER database to more effectively support Census Bureau censuses and surveys, facilitate the geographic partnerships between federal, state, local and tribal governments, and support the E-Gov initiative in the President's Management Agenda.	New	250 counties were completed in FY 2003.	602 counties were completed in FY 2004.	623 counties were completed in FY 2005.	700 counties to be completed in FY 2006.	690 counties to be completed in FY 2007.
<u>Measure 1e.</u> Complete key activities for cyclical census programs on time to support effective decision-making by policymakers, businesses, and the public and meet constitutional and legislative mandates.	New	(1) Completed initial mailing for the finance phase of the Census of Governments by 10/31/02 and 5 million Economic Census forms by 12/20/02. (2) Completed initial mailing of 2002 Survey of Business Owners forms to 1 million businesses with	(1) Completed initial mailing of 2002 Survey of Business Owners forms by 7/31/04. (2) 2010 Decennial Census Program: Implemented the activities that supported the following objectives of the 2004 census test: <ul style="list-style-type: none"> • Questionnaire content • Hand held computer devices for field work 	(1) Completed detailed project plan for FY 2007 Economic Census by 9/30/05. (2) Completed detailed project plan for FY 2007 Census of Governments by 9/30/05. (3) Intercensal Demographic Estimates: Improved controls for the 2004 ACS released by 5/30/05. (4) Intercensal Demographic Estimates:	At least 90% of key preparatory activities completed on schedule.	At least 90% of key preparatory activities completed on schedule.

Census Bureau Performance Goal: Meet the needs of policymakers, businesses, non-profit organizations, and the public for current and benchmark measures of the U.S. population, economy and governments.						
Measure	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Enacted	FY 2007 Target
Measure 1e (continued)		<p>paid employees by 9/30/03.</p> <p>(3) Decennial Census:</p> <ul style="list-style-type: none"> Selected test sites for 2004 census test. Developed / documented design requirements for 2004 census test. Developed detailed operational schedule for the 2004 census test. 	<ul style="list-style-type: none"> Coverage improvements Special place/group quarters Residence rules 	<p>CPS controls were released each month in time for weighting monthly estimates.</p> <p>2010 Decennial Census Program:</p> <p>(5) Completed evaluations of the 2004 census test.</p> <p>(6) Determined design requirements and selected sites for the 2006 census test.</p> <p>(7) Completed preparation for and began implementation of the 2005 National Census Test.</p> <p>(8) Used research, testing, and development efforts to date to update relevant 2010 Census action plans.</p>		
Measure 1f. Meet or exceed overall Federal score of customer satisfaction on the American Customer Satisfaction Index.	New	New	71% score on ACSI (met target).	73% score on ACSI (met target).	Meet or exceed overall federal score.	Meet or exceed overall federal score.

Marginal Cost Information

The Census Bureau re-evaluates and adjusts performance targets as necessary, based on changes in cost and/or funding levels. The Census Bureau is continuing efforts to quantify how cost and funding affect individual targets, to more transparently reflect the marginal cost of operations.

Performance Measure Explanations:

Performance Goal: Meet the needs of policymakers, businesses, non-profit organizations, and the public for current and benchmark measures of the U.S. population, economy, and governments.

Corresponding DOC Strategic Goal 1: Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers.

DOC General Goal/Objective 1.3: Enhance the supply of key economic and demographic data to support effective decision-making of policymakers, businesses and the American public.

Rationale: As the Nation's premier statistical agency, the Census Bureau has the responsibility to provide policymakers, academia, businesses and the public with accurate, timely and relevant statistical information. This responsibility spans constitutional mandates, such as the decennial censuses, and legislative mandates, such as the collection of information on the impact of welfare reform. The Census Bureau must also capture the information which forms the basis for estimates of Gross Domestic Product (GDP), the nation's economic indicators, trade and industry estimates, the allocation of federal program funds, the distribution of congressional seats, and national characteristics, such as race and Hispanic origin, sex, age, and income. The Census Bureau must provide the public with information that is current, while ensuring that the collection of this information does not impose an undue burden on respondents.

Starting with the FY 2006 Annual Performance Plan (and FY 2005 Performance and Accountability Report), the Census Bureau streamlined the number of goals, measures, and targets to be reported in the department-level documents. Although only the streamlined bureau-wide targets will be reflected in the departmental documents, the program-specific targets are still maintained internally by the Census Bureau as backup and will be reported in our internal performance reports.

Measure 1a

Achieve pre-determined collection rates for Census Bureau censuses and surveys in order to provide statistically reliable data to support effective decision-making of policymakers, businesses, and the public.

Explanation of Measure 1a: Maintaining a high level of response for both demographic and economic surveys ensures that information from Census Bureau surveys and censuses is always reliable, and widely accepted by customers over the long term. Reliability of Census Bureau statistics is essential for the Census Bureau to fulfill DOC general goal/objective 1.3, to enhance the supply of key economic and demographic data to support effective decision-making of policymakers, businesses, the American public, and others. Statistically reliable data ensures that the information, which forms the basis for estimates of Gross Domestic Product (GDP), the nation's economic indicators, trade and industry estimates, and the allocation of federal program funds, is done accurately.

FY 2007 Target: The FY 2007 target for Measure 1a is that at least 90% of key censuses and surveys meet or exceed pre-determined collection rates at planned levels of reliability. The internal targets will continue to be measured by the Census Bureau in support of this measure.

Changes to FY 2005 and FY 2006 Targets: Note: The FY 2005 actual response rate for the Current Population Survey (CPS) was 91.8% as reflected here. It is incorrectly reflected as 91.9% in the FY 2005 Performance and Accountability Report (PAR).

Program Increases/Decreases directly related to measure 1a:

Program Initiative	Funding Request	Anticipated Impact	Location in the Budget
Current Demographic Statistics – Household Surveys program change	-\$24,645K	The Census Bureau will seek to use other sources such as administrative data and other surveys (such as the ACS) where possible, and to design a new data collection system on income and wealth dynamics to meet the policy and operational needs of the country.	Page # CEN-83

Measure 1b

Release data products for key Census Bureau programs on time to support effective decision-making of policymakers, businesses, and the public.

Explanation of Measure 1b: Ensuring that data products are released on schedule is essential for the Census Bureau to fulfill DOC general goal/objective 1.3, to enhance the supply of key economic and demographic data to support effective decision-making of policymakers, businesses and the American public. The Census Bureau acknowledges an important distinction between release of the Economic Indicators and the other surveys' and censuses' data products. OMB Statistical Directive Number 3 requires that data for the principal economic indicators be released within prescribed time periods. The impact of not meeting release dates for the economic indicators is much more serious, so two separate targets are noted.

FY 2007 Target: The FY 2007 target for Measure 1b is that 100% of economic indicators will be released on schedule, and at least 90% of other data products from key censuses and surveys will be released on schedule.

Changes to FY 2005 and FY 2006 Targets: None.

Program Increases/Decreases directly related to measure 1b: The designing of a new survey on income and wealth dynamics to replace the SIPP program, which is discussed under Measure 1a above, also is directly related to measure 1b.

Measure 1c

Introduce Census 2000-based samples as scheduled so that the household surveys can continue through the next decade and so that policymakers, businesses, and the public can continue to be confident in the major federal socioeconomic indicators these surveys provide.

Explanation of Measure 1c: This measure is being discontinued for FY 2007. Due to the cyclical nature of the program, all Census 2000-based samples will be introduced by the end of FY 2006. This measure is no longer applicable.

Changes to FY 2005 and FY 2006 Targets: None.

Program Increases/Decreases directly related to measure 1c: None.

Measure 1d

Correct street features in the TIGER (geographic) database to more effectively support Census Bureau censuses and surveys, facilitate the geographic partnerships between federal, state, local, and tribal governments, and support the E-Government initiative in the President's Management Agenda.

Explanation of Measure 1d: Correctly locating every street in the Master Address File and geographic database (MAF/TIGER) is integral to providing geographic products and services that meet the accuracy expectations of the 2010 Census field data collection staff, the Census Bureau's data product customers, and the needs of the U.S. Geological Survey/The National Map. Many local and tribal governments that participated in the Census 2000 geographic partnership programs and many potential customers for MAF/TIGER geographic products have indicated that they would not consider future geographic partnerships or use without substantial improvements in location accuracy. Investing in the identification and correct location of new housing units and streets or roads in small towns and rural areas will ensure uniform address and street coverage in the MAF/TIGER database and in the Census Bureau's data products, both for the ACS and the 2010 Decennial Census.

FY 2007 Target: The FY 2007 target for Measure 1d is to bring features in the TIGER (geographic) database within 7.6 meters of the Global Position System (GPS) location for an additional 690 of the Nation's 3,232 counties.

Changes to FY 2005 and FY 2006 Targets: None.

Program Increases/Decreases directly related to measure 1d: There is a \$624K decrease in the street centerline correction activity which is reflected in the overall 2010 Decennial Census Program change of \$43,522K reflected under measure 1e.

Measure 1e

Complete key activities for cyclical census programs on time to support effective decision-making by policymakers, businesses, and the public and meet constitutional and legislative mandates.

Explanation of Measure 1e: Due to the cyclical nature of these programs, it is important to track annual key activities that support the programs. The internal activities that are tracked are those considered to be the most important in meeting the long-term goals of the cyclical census programs.

FY 2007 Target: The FY 2007 target for Measure 1e is at least 90% of key preparatory activities will be completed on schedule.

Changes to FY 2005 and FY 2006 Targets: None.

Program Increases/Decreases directly related to measure 1e:
(Dollars in Thousands):

Program Initiative	Funding Request	Anticipated Impact	Location in the Budget
Cyclical program change for the third year of the six-year 2007 Economic Census cycle.	\$11,455K	The increase in funding is due to the cyclical nature of the economic census program. Changes in funding from year to year are based on the changes in key activities and not tied to changes in performance. The primary focus in FY 2007 is the development of the collection instruments and processing systems to be used in the 2007 Economic Census.	Page # CEN-125

Program Initiative	Funding Request	Anticipated Impact	Location in the Budget
Cyclical program change for the third year in the five-year 2007 Census of Governments cycle.	\$2,673K	The increase in funding is due to the cyclical nature of the census of governments program. Changes in funding from year to year are based on the changes in key activities and not tied to changes in performance. The primary focus for FY 2007 is on: data collection and processing in the organization phase; data preparation and initiation of data collection and processing in the employment phase; and the preparation for and start of finance phase data collection and processing.	Page # CEN-135
Cyclical program change associated with reengineering the 2010 Decennial Census Program.	\$43,522K	A reengineered decennial census program will provide more accurate official population counts for determining the allocation to states of seats in the U.S. House of Representatives and will result in better allocation of funds for an array of programs ranging from Medicaid to Highway Planning and Construction. The focus in FY 2007 will be on continuing a fully implemented ACS, continuing to correct street feature locations in the TIGER database, and continuing planning for a short-form only census in 2010.	Page # CEN-155

Measure 1f

Meet or exceed the overall federal score of customer satisfaction on the American Customer Satisfaction Index (ACSI).

Explanation of Measure 1f: The ACSI is a survey conducted since 1994 by the University of Michigan in cooperation with other groups. It tracks trends in customer satisfaction and provides benchmarks that can be compared across industries and between the public and private sectors. The Census Bureau's model traditionally focuses on key communications, services, and products: data products, web products, and overall customer service as these relate to customers' perceived quality, expectations, overall customer satisfaction, complaints, and loyalty.

FY 2007 Target: The FY 2007 target for Measure 1f is that the Census Bureau will meet or exceed the overall federal score on the ACSI.

Changes to FY 2005 and FY 2006 Targets: None.

Program Increases/Decreases directly related to measure 1f: None.

Program Changes not directly tied to the GPRA measures: None

Program Evaluations

The Census Bureau is committed to rigorous and extensive evaluations of all data against statistical standards. Program evaluations are numerous and ongoing. They include both internal and external reviews that cover both program processes and program results.

- Both the Office of the Inspector General (OIG) and the Government Accountability Office (GAO) perform a number of audits on Census Bureau programs each year.
- The Office of Management and Budget (OMB) Program Assessment and Rating Tool (PART) evaluations provide valuable recommendations on individual programs.
- Other external sources such as the Committee on National Statistics (CNSTAT), Mathematica Policy Research, Inc., and other federal agencies who use our data provide independent evaluations.

Cross-cutting Activities

Intra-Department of Commerce:

- **Bureau of Economic Analysis (BEA):** The Census Bureau works closely with BEA, which is a primary customer for the Census Bureau's economic and demographic data. For example, BEA uses self-employment earnings data from the Current Population Survey to improve the National Income and Product Accounts. Additionally, the economic census furnishes an important part of the framework for measures, such as the Gross Domestic Product (GDP), the BEA Input Output analyses, and the National Income and Product Accounts. BEA also supports the Census Bureau in the compilation of the *Statistical Abstract of the United States* and the *County and City Data Book*.
- **National Oceanic and Atmospheric Administration (NOAA):** The MAF/TIGER (geographic database) Enhancements Program works with NOAA on issues related to the global positioning system and geodetic control. NOAA also supports the Census Bureau in the compilation of the *Statistical Abstract of the United States* and the *County and City Data Book*.
- **International Trade Administration (ITA):** ITA supports the Census Bureau in the compilation of the *Statistical Abstract of the United States* and the *County and City Data Book*.
- **Patent and Trademark Office (PTO):** PTO supports the Census Bureau in the compilation of the *Statistical Abstract of the United States* and the *County and City Data Book*.

Other Government Agencies:

- **Bureau of Labor Statistics (BLS):** BLS shares costs for the Census Bureau's major annual Current Population Survey (CPS). The CPS provides BLS with monthly unemployment data that are used to calculate the change in unemployment rates from previous months, which is a critical measure of the nation's economy.
- **Federal Reserve Board (FRB) and Council of Economic Advisors (CEA):** The Census Bureau also supports the missions of the FRB and the CEA. The FRB uses Census Bureau data to measure the flow of funds and to assess industrial debt structure, liquidity, and profitability. Alan Greenspan, former Chairman of the Federal Reserve Board, called the Economic Census "...indispensable to understanding America's economy. It insures the accuracy of the statistics we rely on for sound economic policy and for successful business planning..." The CEA uses the Census Bureau's principal economic indicators as input into economic policy decisions.
- **Interagency Council on Statistical Policy (ICSP):** Under the auspices of OMB, the Census Bureau is a major participant in this council, which works to improve the collaborative activities of federal statistical agencies. Activities of the ICSP have led to standardized data and concepts, technology transfers, methodology exchange, collaborative research, process improvement, better customer service, reduced respondent burden, and infrastructure sharing.
- **Other Federal Agencies:** Agencies involved in crosscutting activities with the MAF/TIGER (geographic database) Enhancements Program include the Federal Geographic Data Committee (FGDC), the U.S. Geological Survey (USGS), the OMB, and the

National Imagery and Mapping Agency (NIMA). The federal agencies involved in crosscutting activities with the Geographic Support System (GSS) include the U.S. Postal Service, the FGDC, the USGS, and the Department of Education. The compilation of the *Statistical Abstract of the United States* and the *County and City Data Book* cuts across all federal statistical agencies, such as the BLS and a number of other federal agencies, such as the Internal Revenue Service.

- State, Local and Tribal Governments: The Federal-State Cooperative Program for Population Estimates (FSCPE) and the State Data Center (SDC) program are two of the Census Bureau's most longstanding and successful partnerships. Between 1967 and 1973, the FSCPE was formalized between the states and the Census Bureau to promote consistent and jointly prepared county and sub-county population estimates with complete state coverage. This assures the highest quality population estimates are available to be used to distribute about \$200 billion and to determine eligibility for many social programs, which are based on population. The SDC program between the states and the Census Bureau was created in 1978 to make data available locally to the public through a network of state agencies, universities, libraries, and regional and local governments. The Census Bureau disseminates demographic data relating to poverty, income, population trends, child health insurance issues, and other important measures to SDCs for distribution throughout local communities. The Business and Industry Data Center program was added in 1988 to meet the needs of local business communities for economic data. State governors appoint data center lead organizations. In addition, the MAF/TIGER Enhancements Program also seeks geographic partnerships with all 39,000-plus state, local, and tribal governments in the United States, Puerto Rico, and the island areas. The 2010 Decennial Census Program seeks direct input from state, local, and tribal governments, as well as the private sector, through its advisory committees.

Private Sector:

- Businesses and business associations: The Census Bureau consults extensively with businesses and business associations in the development of economic surveys and censuses.
- Private sector contractors: The Census Bureau is working with several private sector contractors and will be using commercial off-the-shelf software and geographic information system software developed and supported by the private sector for major portions of the MAF/TIGER Enhancements Program. The Census Bureau also has two major contracts for development of systems for the 2010 Census. The first is a contract to design, build, test, deploy, implement, operate, maintain, and secure all the systems, infrastructure, staffing, procedures, and facilities needed to provide assistance to the public through the telephone and Internet; receive, capture, and integrate census data provided by respondents via census forms, telephone agents, and the Internet; and integrate data collected via hand held computers. The second is a contract to develop a system to directly capture information collected during personal interviews and eliminate the need for paper maps and address lists for the major field data collection operations.
- External advisory committees: Census Bureau program areas (both economic and demographic) interact with external advisory committees composed of members from government, professional, public, and private sector organizations such as the Advisory Committee of Professional Associations (American Statistical Association, Population Association of America, American

Economic Association, and American Marketing Association). Additionally, the decennial census program interacts regularly with the Decennial Census Advisory Committee. Both the decennial census program and other demographic programs interact with the five Racial and Ethnic Advisory Committees (African American, American Indian and Alaska Native, Asian, Hispanic, and Native Hawaiian and Other Pacific Islander). Work is also done in cooperation with National Academy of Science panels.

International Sector:

- The International Programs Center (IPC), which is part of the Census Bureau’s Population Division, conducts demographic and socioeconomic studies and strengthens statistical development around the world through technical assistance, training, and software products. Its work is commissioned and funded by federal agencies, international organizations, nongovernmental organizations, private businesses, and other governments. For more than 50 years, the IPC has assisted in the collection, processing, analysis, dissemination, and use of statistics with counterpart governments throughout the world.

External Factors and Mitigating Strategies

External Factors (public perception, the economy, privacy, the federal budget, and workforce management) are discussed in the second section of the APP, titled “Priorities/Management Challenges.” Some of the Census Bureau’s mitigating strategies are as follows:

- Continually informing the public of Census Bureau privacy and confidentiality policies for all Census Bureau activities helps to improve public perception about government intrusion into personal and business information. This involves publishing policy statements via the Census Bureau web site and carrying out other information activities.
- The Census Bureau looks for innovative ways to address funding constraints. The reengineered 2010 Decennial Census Program is an example of Census Bureau efforts to contain costs, yet improve the relevance and timeliness of data. Each decade, the Census Bureau must adapt the design of the decennial census to changes in the nation’s social, demographic, and technological environment. In recent decades, the pace of change has accelerated, along with demands for increasing accuracy in census results. These forces have engendered a series of census designs that have been increasingly complex and operationally risky—with attendant escalating costs. That trend continued with Census 2000, which for all its notable successes, was conducted at great risk and at historically high cost. The Census Bureau’s strategy for this decade was to begin to develop and fully test the 2010 Census design earlier in the decade so that we can mitigate late decade operational risks and costs. The reengineered 2010 Decennial Census Program consists of three highly integrated components designed to take advantage of opportunities for innovations made possible through the expanded use of technology, major changes in our business process for data collection, and the use of focused coverage improvement procedures. Thus, while achieving the significant benefits to our nation from the annual release of long-form data by the American Community Survey, and the improvements to our MAF/TIGER databases, the reengineered 2010 Decennial Census Program also will be significantly less costly than historical trends would project.

Data Validation and Verification

The Census Bureau conducts a quarterly review of performance data to ensure that projected targets are on track to be met. During this process, deviations from projected targets, if any, are discussed with the appropriate program areas so that changes can be implemented to help meet the Census Bureau’s performance goals. On an annual basis, documentation is reviewed to ensure adequacy and sufficiency to support claims that outcomes and outputs have been achieved.

The Census Bureau is currently reviewing our data validation and verification measures to ensure that they are accurate and meaningful.

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be taken
Measure 1a. Achieve pre-determined collection rates for Census Bureau censuses and surveys in order to provide statistically reliable data to support effective decision-making of policymakers, businesses, and the public.	Census Bureau censuses and surveys are the initial collection source. Internal control files and systems are the source of the response rate data.	Response rates are tied to data collection. Frequency varies by survey or census.	All data are stored in Census Bureau databases and are published in public press releases	Quality assurance analyses, Automated Data Processing (ADP) routines, and peer reviews.	Data that are released must adhere to Title 13 requirements to protect respondents’ confidentiality.	Continue quarterly reviews of performance data.
Measure 1b. Release data products for key Census Bureau programs on time to support effective decision-making of policymakers, businesses, and the public.	Actual data releases by Census Bureau programs.	The frequency of data releases varies. Release dates are often published in advance.	Data release information is stored in Census Bureau systems and public data releases.	Performance data are verified by comparing actual release dates with scheduled release dates. Methodological standards for surveys are publicly reported.	Data that are released must adhere to Title 13 requirements to protect respondents’ confidentiality.	Continue quarterly reviews of performance data.

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be taken
Measure 1c. Introduce Census 2000-based samples as scheduled so that the household surveys can continue through the next decade and so that policymakers, businesses, and the public can continue to be confident in the major federal socioeconomic indicators these surveys provide.	<i>N/A – This measure is being discontinued in FY 2007</i>	<i>N/A – This measure is being discontinued in FY 2007</i>	<i>N/A – This measure is being discontinued in FY 2007</i>	<i>N/A – This measure is being discontinued in FY 2007</i>	<i>N/A – This measure is being discontinued in FY 2007</i>	<i>N/A – This measure is being discontinued in FY 2007</i>
Measure 1d. Correct street features in TIGER (geographic) database to more effectively support Census Bureau censuses and surveys, facilitate the geographic partnerships between federal, state, local, and tribal governments, and support the E-Government initiative in the President's Management Agenda.	MAF/TIGER activity schedule	As scheduled	Census Bureau MAF/TIGER database.	The Census Bureau compares actual completion dates with scheduled dates.	None	Continue quarterly reviews of performance data.

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be taken
Measure 1e. Complete key activities for cyclical census programs on time to support effective decision-making by policymakers, businesses, and the public and meet constitutional and legislative mandates.	Activity schedules kept by each of the cyclical census programs.	Ongoing, based on activity schedules.	The Census Bureau program offices maintain activity schedules and performance data.	The Census Bureau compares actual completion dates with scheduled dates. Performance data is reviewed quarterly.	None	Continue quarterly reviews of performance data.
Measure 1f. Meet or exceed the overall federal score of customer satisfaction on the American Customer Satisfaction Index.	Census Bureau data users at State Data Centers, Business Information Data Centers, Census Information Centers, and Regional Federal Depository Libraries.	Annually	Primary storage system is a mainframe computer at the Ross School of Business at the University of Michigan.	Data are collected electronically and cross-tabulated. Interviewers are continuously monitored with supervisors randomly listening in on interviews. The computer-assisted-telephone-interviewing (CATI) system will not accept wild scores, out of range of allowable scales.	Sample size determines the limits of statements that can be made based on the data. All Census Bureau-related ACSI reports are careful to report confidence intervals.	Continue quarterly reviews of performance data.

FY 2007 Annual Performance Plan
Departmental Management

Mission Statement

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

Departmental Management (DM) furthers the Department's strategic management integration goal by supporting the management infrastructure needed to carry out the Department's mission. DM is the central source for development of policies and procedures that guide the administrative management of the Department. The DM budget includes funding to support policy development and centralized services in the areas of security, information management, human resources, civil rights, financial management, administrative services, acquisitions, legal matters, and organizational management. DM's oversight of this infrastructure serves the interests of the American public by assuring judicious acquisition, oversight, and management of the resources that are essential to the accomplishment of the Department's varied missions, and by enhancing the efficiency with which the operating units administer their programs.

Priorities and Management Challenges

Meeting the objectives of the President's management agenda continues to be an important management priority. Among other things, the Department is working towards complete and comprehensive identification of competencies for mission-critical occupations. The results of these efforts will be used to perfect workable succession plans to maintain appropriate levels of critical workforce competencies. These products will enable us to expeditiously replace mission-critical employees and fill existing competency gaps. Another important priority is applying the Federal Equal Opportunity Recruitment Program and Disabled Veterans Affirmative Action Program plans that the Department has developed in order to sustain existing diversity in the Commerce workforce and to make significant progress towards meeting hiring goals for minority and disabled candidates. Information security is also a priority, as the Department focuses on implementing effective certification and accreditation practices for its information technology systems. This continues to be a challenge that the Department is making every effort to meet. The Department's efforts are likewise focused on the effective use of competitive sourcing and on furthering the public's electronic access to the Department's products and services. The measures associated with the DM performance goal, discussed below, reflect these challenges and priorities.

Skill Summary

Departmental Management staff possess expertise in the following areas: accounting, financial management, human resources management, acquisition management, management and organizational analysis, information systems and technology, facilities management, security, and law.

Performance Goal

Identify and effectively manage human and material resources critical to the success of the Department’s strategic goals.

Corresponding DOC strategic goal

Management Integration Goal: Strengthen management at all levels

Rationale for performance goal

The Department of Commerce must have the capacity to do business successfully with the public and its partner agencies, both as worldwide enterprise and as an integrated set of individual programs. This requires that it identify and adopt the practices needed to successfully operate a large and complex organization, use resources wisely, and implement the laws that govern its activities. It is the responsibility of Departmental Management to accomplish this combination of objectives in order to support the men and women who carry out the missions and programs of the Department of Commerce bureaus.

Performance Goal: Identify and effectively manage human and material resources critical to the success of the Department’s strategic goals						
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Target	FY 2007 Target
a. Provide accurate and timely financial information and conform to Federal standards, laws, and regulations governing accounting and financial management			This measure was not implemented until FY 2005. Actual financial management performance indicators can be found in previous DM performance measures	Corrective action plan met. Reportable condition not eliminated. 90% of management that have access to the Consolidated Reporting System (CRS) have financial data/reports available within one day of the 15 th of the month after submitting the raw data to the CRS.	Eliminate any reportable condition within one year of the determination that there is a reportable condition; 95% of management that have access to the Consolidated Reporting System (CRS) have financial data/reports available within one day of the 15 th of the month after submitting the raw data to the CRS	Eliminate any reportable condition within one year of the determination that there is a reportable condition; 95% of management that have access to the Consolidated Reporting System (CRS) have financial data/reports available within one day of the 15 th of the month after submitting the raw data to the CRS. Migrate the

						Commerce Business System (CBS) to an all web-based architecture by the end of FY 2007 to ensure the useful life of CBS through 2012.
b. Effectively use competitive sourcing	1% completed and management plan in place to accomplish cumulative goal for FY 2002/2003	Combined target for FY 2002/2003 was 1203 FTEs. Completed 534 or 67% of new target of 800 FTEs.	New Departmental FAIR inventory guidance has been developed.	New FY 05-06 feasibility studies have been nominated. FAIR inventory has been scrubbed to determine candidates for feasibility studies.	Finalize new competition plan based on August 2005 CFO council outcome. The plan will lay out DOC short and long-range plans to conduct feasibility studies of all major commercial (and available) functions and will identify approved competitions to be conducted in the 06-07 timeframe.	Update and/or continue to implement 06 plan to conduct feasibility studies of DOC commercial (and available) functions to determine potential new competitions/studies in the out years.
c. Obligate funds through performance-based contracting	31% of \$795M	24% of \$605M	42% of \$806M	<50% of eligible service contracting dollars	50% of eligible service contracting dollars	50% of eligible service contracting dollars
d. Obligate contracts to small businesses	52% of contracts	45% of contracts	61.95% of contracts	61.7% of contracts	44.8% of contracts	44.8% of contracts
e. Acquire and maintain diverse			This measure was not implemented	Underrepresented RNO groups	Improve recruitment	Improve recruitment

and highly qualified staff in mission-critical occupations			until FY 2005. Actual human resources management performance indicators can be found in previous DM performance measures	improved from 28% to 29%; increased number of courses and established baseline of 26,845 users from evaluation of learning management system; maintained 30-day fill-time.	strategies through more targeted recruitment activities; assist managers in making better selections through training and improvements to selection tools; further close skill gaps in workforce through training and development activities.	strategies through more targeted recruitment activities; assist managers in making better selections through training and improvements to selection tools; further close skill gaps in workforce through training and development activities.
f. Improve the management of information technology (IT).			This measure was not implemented until FY 2005. Actual information technology performance indicators can be found in previous DM performance measures	IT investments under development have cost/schedule overruns and performance shortfalls averaging less than 10% POA&M action items to complete certification and accreditation are documented and on schedule.	IT investments under development have cost/schedule overruns and performance shortfalls averaging less than 10% and all national critical and mission critical systems are certified and accredited in accordance with the Department's IT security policy.	IT investments under development have cost/schedule overruns and performance shortfalls averaging less than 10% and all national critical, mission critical, and business essential systems are certified and accredited in accordance with the Department's IT security policy, with acceptable quality documentation in place.

Exhibit 3a

Department of Commerce
 Departmental Management
 SUMMARY OF TARGETS AND RESOURCE REQUIREMENTS

Departmental Management: Total Funding								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Enacted	FY 2007 Base	Increase/ Decrease	FY 2007 Request
Executive Direction	19.9	17.7	18.6	20.8	21.2	19.0	3.9	22.9
Departmental Staff Services	29.3	31.5	33.2	28.7	27.8	27.8	6.3	34.1
National Intellectual Property Enforcement Coordination Council	0.0	0.0	0.0	2.0	2.0	0.0	1.0	1.0
HCHB Renovation	0.0	0.0	0.0	0.0	0.0	0.0	18.0	18.0
Advances & Reimbursements	5.0	2.2	4.3	4.9	5.6	5.6	0.0	5.6
Total Funding	54.2	51.4	56.1	56.4	56.6	52.4	29.2	81.6
Direct	49.2	49.2	51.8	51.5	51.0	46.8	29.2	76.0
Reimbursable ¹	5.0	2.2	4.3	4.9	5.6	5.6	0.0	5.6
IT Funding ²	7.0	7.9	6.6	5.5	5.5	5.5	3.6	9.1
FTE	183	186	181	177	189	189	4	193

¹ Reimbursable funding reflects external sources only.

² IT funding included in total funding

Note: Beginning in FY 2002, the summary reflects a consistent distribution of overhead costs among performance goals. Funds for the Working Capital Fund and the Franchise Fund are appropriated to bureaus, and they do not appear in these DM totals. The FTE level has been adjusted to reflect recent decisions. As a result, the FTE shown above is different from that reflected in the President's Budget.

Program Increases that Apply to Performance Goal

	Personnel	Amount (in thousands)
<i>Salaries and Expenses</i>		
Blast Mitigation at the Herbert C. Hoover Building (p. DM - 27)	0	5,900
E-Government Initiatives (p. DM - 31)	0	3,641
Department-wide Training of Supervisors (p. DM - 34)	0	598
<i>Working Capital Fund</i>		
Network Operations Center Equipment Replacement and Maintenance (p. DM - 55)	0	2,488
Commerce Standard Acquisition and Reporting System (CSTARS) Web Base (p. DM - 59)	0	350
<i>HCHB Renovation and Modernization Program</i>		
HCHB Renovation and Modernization Project (p. DM - 89)	0	18,000
<i>National Intellectual Property Enforcement Coordination Council</i>		
National Intellectual Property Enforcement Coordination Council (p. DM -102)	4	990
Total	4	59,218

These program changes are related to the new DM Performance Measure 1e (as detailed below), “Acquire and maintain diverse and highly qualified staff in mission-critical occupations.” Attracting and keeping highly qualified employees requires a work environment that is safe and conducive to productivity, especially in terms of the condition of the facilities and equipment (including IT hardware and software systems). Effective recruitment and retention also require that the employer ensure that the workplace is free from discrimination, and that employees have access to training, professional development activities, and other support needed to ensure a workforce with the skills and abilities necessary to perform work relating to its critical missions.

Explanation of Measures

Measure 1a. Provide accurate and timely financial information and conform to Federal standards, laws, and regulations governing accounting and financial management.

Explanation: This measure ensures that the Department of Commerce is accountable to the American people, and that no reportable conditions, (i.e., deficiencies in the design or operation of internal controls) remain unaddressed. To determine if financial information is being provided in a timely and accurate manner, the Department will assess whether those individuals who can best use the information are receiving it within timeframes that render it relevant and useful in their day-to-day decisions.

Measure 1b. Effectively use competitive sourcing.

Explanation: Americans have a right to expect a reasonable return on the taxes they invest in their country. Good stewardship of these dollars assures that the American public gets the best products at the best price. Whether those products and services can most effectively and efficiently be provided by federal entities or those in the private sector is a determination that must be made on a case-by-case basis. To ensure that appropriate consideration is given to this issue, the FAIR Act requires all federal agencies to provide OMB with a timely inventory of the activities performed by government employees that could be carried out by commercial sources. The Department has developed an annual reporting process that meets this requirement. In FY 2001 and FY 2002, goals were established by OMB for competing these commercial activities between government's most efficient organizations and private sector providers in order to put taxpayers' dollars to the best use. This element measures the Department's success in competing commercial activities in accordance with the FAIR Act.

Measure 1c. Obligate funds through performance-based contracting.

Explanation: Also part of good stewardship of America's tax dollars is ensuring that the government gets what it pays for, especially when it comes to procurement of goods and services from sources outside of the organization. To help make that goal a reality, federal agencies have begun changing the way in which the procurement process is conducted. The movement toward performance-based contracting—a method of procurement in which the Federal Government defines the results it is seeking rather than the process by which those results are to be attained—is part of that effort. With performance-based contracting, the government also defines the standards against which contractor performance will be measured and identifies the incentives that may be used. The Procurement Executives Council had established an ultimate government-wide goal for federal agencies to award 50 percent of eligible service contracts as performance-based contracts (in 10 percent increments) by FY 2005. The interim government-wide goals were 20, 30, 40, and 50 percent for FY 2002, FY 2003, FY2004, and FY 2005, respectively.

Measure 1d. Obligate contracts to small businesses

Explanation: Equally important as protecting American resources is ensuring that all segments of American society have an opportunity to compete for the business that is contracted out by federal agencies. This measure—the targets for which are set by the Small Business Administration (SBA)—monitors the Department's ability to increase opportunities for small businesses to participate in Commerce acquisitions. Historically, this has included small, disadvantaged, 8(a), and women-owned businesses. In FY 2001, three new categories were added. These are HUBZone, veteran-owned, and service-disabled veteran-owned small businesses (a subset of veteran-owned small businesses). Every two years, the SBA negotiates procurement goals with each federal agency in an effort to increase contract and subcontract awards to small businesses.

Through FY 2001, DM reported under GPRA on the percentage of contracts awarded in each of three categories: (1) small businesses, (2) women-owned businesses, and (3) minority-owned businesses, which included small disadvantaged and 8(a) businesses. To avoid making this measure overly cumbersome by adding categories, beginning with FY 2002, Commerce simplified the method used to track its GPRA progress. It now reports on the percentage of procurement funds awarded to the umbrella group described as small businesses.

Measure 1e. Acquire and maintain diverse and highly qualified staff in mission-critical occupations

Explanation: This measure represents a combination of indicators focusing on strategic recruitment, training and development, and the Department's efforts to achieve and maintain a diverse workforce. These indicators permit a comprehensive assessment of the Department's efforts to strategically manage its human capital. Such an assessment is critical if we are to ensure that we have the right people in the right place at the right time to carry out the Department's work for the American people.

Measure 1f. Improve the management of information technology (IT)

Explanation: The Department's significant annual investment in information technology (IT) requires careful management and monitoring as part of the overall program to effectively manage IT resources to meet the mission needs of the Department and to fulfill our obligation to the taxpayer. Through the use of Earned Value Management and Operational Analysis, systems in the development and/or operational phases are monitored to ensure the required functionality is delivered on the schedule and at the cost projected. Program offices regularly report on the progress and status of their efforts against the cost, schedule and performance goals, a process that provides early warning signals for corrective actions. Where needed, program managers are required to develop and implement corrective actions to meet the program goals.

The successful implementation of each program critical to the Department's missions depends in some way on the adequacy and security of the information technology systems that operate throughout the Department. If security of any of these systems were to be compromised, the effective accomplishment of the Department's mission would be in jeopardy. To ensure that these systems are adequately protected (and the Nation reaps the benefits of the Department's work), certification and accreditation requirements have been established. Certification represents the complete testing of all management, operational, and technical controls that protect a system. These controls are documented in the security plan. By approving the plan, the system owner warrants that the controls provide adequate protection for the system. Certification verifies the adequacy of these controls and also validates that the controls are implemented and functioning effectively. Accreditation is the senior program official's acknowledgement of the risk of operating the system. It provides official approval to run the system in the operational environment. Recertification and reaccreditation follow updates of risk assessments and security plans every three years or upon major system modification. In addition, a process for ongoing control monitoring, vulnerability identification and remediation, and configuration management maintain security at adequate levels.

Resources supporting the IT Security Program consist of the central oversight office and IT security components of each operating unit, funded through general infrastructure accounts and specialized support for major IT investments. The central Program Office consists of 4 full-time federal employees supported by 4 full-time contract personnel. For FY 2007, the Program will require about \$1.45M total funding on federal salaries (\$550K); support contractors (\$430K); Department-wide role-based and annual refresher training (\$425K), as well as staff professional development and other program support costs (\$45K). In addition, about \$144M will be required to support operating unit IT security functions that implement IT security program requirements at the system-level.

FY 2006-2007 Targets

Our targets for 2006 and 2007 reflect the Department's continued efforts to assess the extent to which our administrative and management services support Departmental missions and enhance the efficiency with which operating units manage their programs.

Program Evaluations

The Department of Commerce uses reviews and reports generated by the Office of Inspector General, the Office of Management and Budget, the Office of Personnel Management, the General Accounting Office, other congressional organizations, government-wide task forces, and other objective sources to evaluate performance goal 1 activities. For example, we work closely with OMB on implementing the five government-wide management initiatives established in the

President’s Management Agenda and are rated quarterly on their implementation. In addition, many of the laws pertaining to these activities have separate reporting requirements that involve program reviews, and evaluations that identify program strengths and weaknesses. The results of these efforts are used to assess the quality and effectiveness of the administrative management of the Department.

Cross-Cutting Activities

Intra-departmental: Under the Departmental Management function, the Office of the Secretary regularly works with all the bureaus across the full range of administrative policy development and program management issues.

Other government agencies: Under the Departmental Management function, the Office of the Secretary regularly works with all other federal agencies across the full range of administrative policy development and program management topics.

Government/private sector: Under the Departmental Management function, the Office of the Secretary regularly works with the private sector and other elements of the public sector across the full range of administrative policy development and program management issues.

External Factors and Mitigating Strategies

The Department of Commerce faces a number of changing circumstances that demand flexibility and responsiveness. For example, the growing diversity of the civilian labor force requires that the Department seek innovative ways to recruit top minority candidates; the increasing technological orientation of the work of the Department requires an intensifying engagement in the highly competitive marketplace for individuals with skills in science and technology; maintaining the security of IT systems continues to increase in importance; and the rapidly changing IT environment, including developments in hardware, software, applications, Internet use, and the user community, all affect our IT functions and activities.

In response to these challenges, the Department is establishing relationships with educational institutions, including minority-serving colleges and universities, to encourage applications from students in areas of study that prepare them for critical Commerce occupations. The Department is also focusing attention on planning how IT funds will be invested, ensuring that IT architecture is cohesive and well constructed, and that the integrity and availability of IT systems are safeguarded.

Data Validation and Verification

To a great extent, DM measures depend on input provided by multiple sources—typically, Commerce’s bureaus—and a combination of techniques is used to validate and verify the data received. For example, financial performance at all levels is subject to review by Department auditors. Data input by the bureaus relating to acquisition activities, e.g., performance-based contracts and small business awards, is screened at the Department level during the reporting cycle. As progress is made and objectives evolve, DM continues to refine its reporting structure and techniques.

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to Be Taken
Ia. Provide accurate and timely financial information and conform to federal standards, laws and regulations governing accounting and financial management	Consolidated financial statements and Office of Inspector General (OIG) reports	Annual	Bureau or department financial systems	OIG Audits	None	Continue to comply with Federal Financial Management Improvement Act of 1996 (FFMIA)

1b. Effectively use competitive sourcing	Federal Activities Inventory Reform (FAIR) Act inventory and Competitive Sourcing Management Plan		DM chronology files	Executive Secretariat	None	Request updates quarterly
1c. Obligate funds through performance-based contracting.	Commerce procurement data system	Annual	Commerce procurement data system	Supervisory audit	None	None
1d. Obligate contracts to small businesses	Small Business Administration, the Department of Commerce's Office of Small and Disadvantaged Business Utilization OSDUBU, General Services Administration (GSA)	Annual	OSDBU and GSA federal procurement data systems (FPDS)	OSDBU and GSA FPDs	None	Continue outreach efforts
1e. Acquire and maintain diverse and highly qualified staff in mission-critical occupations	Inventory transmittal letters; Department plan for strategic employee training and development	Annual	Office chronology files; OHRM, bureaus	Executive Secretariat	None	Measure trends over time
1f. Improve the management of information technology (IT).	Bureau IT offices	Annual	Bureau IT offices, Bureau files, and DM CIO files	Departmental and outside reviews	None	Review bureau processes to assess need for action; review security plans for completeness and conformance with National Institute of Standards and Technology SP 800-18

FY 2007 Annual Performance Plan**Economic Development Administration****Mission Statement**

To lead the federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy.

The mission of the Economic Development Administration (EDA) is to lead the federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the global economy. This mission directly supports the Department of Commerce goal of providing the tools to maximize U.S. competitiveness.

EDA's Performance Goal 1 includes program activities associated with the Public Works and Economic Development program, the Economic Adjustment Assistance program infrastructure and Revolving Loan Fund components, and when available, the Defense Economic Adjustment Assistance program. All of these program activities will be carried out under the Regional Development Account. The Public Works and Economic Development program empowers distressed communities to revitalize, expand, and upgrade their physical infrastructure to attract new industry, encourage business expansion, diversify local economies, and generate or retain long-term private sector jobs and investments. Among the types of projects funded are water, sewer, fiber optics, access roads, redeveloped "brownfields" sites, industrial and business parks, business incubator and skill training facilities, and port improvements. The Economic Adjustment Assistance program infrastructure components are designed to assist state and local entities in designing and implementing strategies to adjust or bring about change to an economy. The program focuses on areas that have experienced or are under threat of serious structural damage to the underlying economic base. The program also provides flexible investments to communities for making loans to local businesses to create jobs and leverage other private investment while helping a community to diversify and stabilize its economy. Factors that seriously threaten the economic survival of local communities include mass layoffs resulting from plant closures, military base closures or realignments, defense laboratory or contractor downsizing, natural disasters, natural resource depletion, out-migration, underemployment, and localized negative impacts of foreign trade.

EDA performance targets for long-term program outcomes are based on nine-year projections for private dollars invested, and jobs created and retained. Performance data are obtained at three-year intervals to provide snapshots of current progress in achieving the full, nine-year performance projection. Since most investments are completed an average of three years after award, EDA monitors performance results at three, six, and nine years after investment award. FY 2000 was the first year for which data was available for long-term outcomes. According to the performance evaluation of EDA's Public Works and Economic Development program (Rutgers et. al. 1997), investment impacts "generally increase with time." The study found that "jobs resulting six years after completion [generally about nine years after investment award] were, on average, twice the number witnessed at project completion [generally about 3 years after award]".

EDA's Performance Goal 2 includes the following program activities: the Partnership Planning Program; Economic Adjustment Assistance Program strategy investments component; National Technical Assistance, Training, Research, and Evaluation; University Center Program; and Local Technical Assistance. This

performance goal also includes Trade Adjustment Assistance to firms as authorized by the Trade Act of 1974, as amended. All of these program activities, with the exception of Planning and Trade Adjustment Assistance, will be carried out under the Regional Development Account.

EDA's Partnership Planning Programs help support local organizations (Economic Development Districts, Indian Tribes, and other eligible areas) with their long-term planning efforts and their outreach to the economic development community on EDA's programs and policies.

The Economic Adjustment Assistance Program strategy investment component provides flexible investment support to develop economic adjustment strategies for communities facing sudden or severe economic distress. Under this program, states, cities, counties, and other eligible entities can receive investment assistance to assess the dislocation and develop an economic adjustment plan to generate private sector investments and create jobs.

EDA's Technical Assistance Program includes three major components. The University Center Program is a partnership of the federal government and academia that makes the vast resources of universities available to the economic development community. The National Technical Assistance Program supports world-class economic development practices and activities, including information dissemination efforts. The Local Technical Assistance Program helps fill the knowledge and information gaps that may prevent leaders in the public and nonprofit sectors in distressed areas from making optimal decisions on local economic development issues.

The Trade Adjustment Assistance Program was reauthorized under the Trade Act of 1974, as amended, in 2002. Through this program, EDA uses a national network of eleven Trade Adjustment Assistance Centers to help manufacturers and producers affected by increased imports (of similar or competitive goods) prepare and implement strategies for their economic recovery.

The programs associated with EDA's performance goals directly relate to the Department's Strategic Goal 1: Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers. The capacity building tools provided by EDA's assistance programs under Performance Goal 2 support the compilation of information needed by economic development practitioners and policy makers to make informed decisions and develop thoughtful and practical strategies for regional economic development. The implementation assistance programs included under Performance Goal 1 complement the Performance Goal 2 programs with the assistance required to implement the activities and initiatives identified through the capacity building process.

Priorities/Management Challenges

Integration of mission, organization, budget, and performance drives success. To comply with the President's vision for management reform, EDA has proactively pursued and implemented several initiatives that include the following:

- **Budget and Performance Integration**

To further pursue the effective integration of the budgeting and performance evaluation processes, EDA analyzes Government Performance and Result Act of 1993 (GPRA) results on a quarterly basis and reports these analyses to both Regional Directors and the Executive Management Team. Efficiency measures associated with the performance measures for creating and retaining jobs and generating private investment are now in place, and performance results as well as Program Assessment Rating Tool (PART) analyses (discussed below under "PART Assessment") are used in the budget submissions to the Secretary, OMB, and Congress.

In addition, EDA's Balanced Scorecard approach continues to emphasize "cause and effect" relationships. Integration of management, performance, and budget is critical to achieving timely financial improvements and enhancing performance. At the highest level, the Balanced Scorecard is a framework that helps translate strategy into operational objectives that drive both behavior and performance at the operational level. The Balanced Scorecard is a value-added management process that provides a critical tool for getting from vision to execution.

The Balanced Scorecard approach addresses five perspectives: stakeholder; financial; customer; internal; and learning and growth. Each perspective is enveloped in a high-level strategic architecture that focuses on translating the strategy into operational terms and creating the synergy necessary for successful integration.

▪ **Strategic Human Capital**

EDA worked with Department groups to share perspectives on best practices in the human capital arena. EDA's human capital program is measured in part by the outcomes in the Balanced Scorecard. The Balanced Scorecard "learning and growth expectations" strategy recognizes that human resource processes are essential for moving strategy from the top to the bottom. Human capital measures in the Balanced Scorecard track the technological proficiency, analytical and communication skills of employees, establish the performance culture of EDA, and attract top talent. This will allow the bureau to deploy a skilled, knowledgeable, and strategy-focused workforce.

In FY 2004, EDA completed a reorganization of its Headquarters operation to better align resources with our mission and eliminate redundancy. The Headquarters reorganization became effective in March 2004 and augmented EDA's capacity to link strategy and goals with performance measurement and budget.

▪ **Competitive Sourcing**

Focusing on the most efficient means to deliver a product, EDA, in compliance with the Federal Activities Inventory Reform Act (FAIR), continues to identify functions that can be analyzed as to whether they can be accomplished more effectively through the public or private sector. EDA met its FY 2003 and 2004 competition goals.

▪ **Improved Financial Performance**

Implementation of the Commerce Business System (formerly known as the Commerce Accounting Management System) and its updated policies and procedures provide improved accountability. Financial systems are integrated and procedures have been enhanced to ensure timely, consistent and reliable reporting. EDA continues to score well on all OMB measures of performance, and has not had any material weaknesses or reportable conditions in the annual financial audit.

▪ **Information Dissemination**

In FY 2004, EDA helped establish the Economic Development Information Coalition (EDIC) to expand its information dissemination efforts. During FY 2005 and with EDA's continued support, EDIC continues to produce a monthly E-newsletter, a quarterly magazine, and six satellite broadcasts. The magazine and E-newsletter are distributed to about 6,000 people. The satellite broadcasts are generally available for viewing in 80 to 100 locations and attract about 3,000 to 4,000 people. While there is no way to track the actual number of viewers, an agreement reached with DISH NETWORK makes these telecasts available to 9.85 million subscribers. In addition, the Association of Public Television Stations (APTS) promoted the Economic Development Today telecast to affiliate stations nation-wide. APTS represents 80 percent of the market of public television stations. Finally, the broadcasts are also shown as webcasts after the actual airing which attracts even more viewers.

EDA initiated satellite broadcasts in FY 2002 to bring discussion of timely, cutting-edge, and best practices to economic development policy makers and practitioners in areas of the country that would not normally have access to this level of expertise. The highly successful broadcast in FY 2002 was followed by

three telecasts in FY 2003, four during FY 2004, and six during FY 2005. EDA held a symposium in September 2005 to focus on leading economic development strategies.

▪ **E-Government**

EDA has focused its E-government efforts on collaborating with the NOAA Grants On-Line program office to study the feasibility of collapsing legacy DOC back office grants systems into a consolidated Commerce-wide on-line grants system. EDA participated in a requirements analysis project led by the NOAA Grants On-Line program office which resulted in a series of business use case documents intended for use in the design and development of the proposed consolidated Commerce solution. EDA fully participates in the “FIND” component of Grants.gov on the Web. EDA continues to work with the Grants.gov program office and NOAA’s Grants On-Line program office to explore options for interfacing with the “APPLY” component of Grants.gov.

Unit Cost Measures for Targets for Job Creation and Private Investment

To compute targets, EDA calculates the “raw” number of jobs by dividing the total appropriation for job-producing programs by the cost per job, adjusted for inflation, derived in the Rutgers study. The calculation is adjusted downward by 30 percent to account for the expected attribution of jobs to economic conditions and dollars invested other than EDA dollars. Private investment targets are similarly established using a ratio of private investment dollars generated per EDA dollar, which is also adjusted downward by 30 percent for the same reason as for jobs. The EDA programs that directly produce jobs and private investment and to which unit cost measures are applied include the Public Works and Economic Development program, the implementation component of the Economic Adjustment Assistance program, and, when available, the Defense Economic Adjustment Assistance program. Actual results for both jobs and private investment are discounted by 25 percent to account for the attribution of jobs to dollars and economic conditions other than EDA dollars. EDA has begun expressing both target and actual job creation and retention as a ratio of jobs per \$1 million of EDA investment and target and actual private investment as a ratio of private investment generated per dollar of EDA investment.

PART Assessment

In FY 2002, OMB conducted its first performance assessment of EDA. EDA continues to implement the FY 2002 PART recommendations to further improve its rating. EDA requested another PART assessment in FY 2004 to assess its progress and increased its score and maintained its rating of “Moderately Effective.” EDA significantly improved program design to increase its impact in communities suffering economic distress and established investment policy guidelines focused on results rather than process. Application of these guidelines encourages regionally oriented investments in America’s communities based on expected return on the taxpayer’s investment.

The PART cross-cut assessment resulted in a recommendation to request funding for a new economic development program that streamlines federal assistance and targets funding to economically distressed communities and regions in the President’s FY 2006 budget, the Strengthening America’s Communities Initiative (SACI). The 2007 Budget proposes a modified version of SACI that continues to implement these necessary reforms.

Specific steps taken to address recommendations identified through the initial PART assessment include:

- New authority in EDA’s reauthorization to reward outstanding performance by grant recipients who excel in carrying out projects that create jobs;
- Continued program performance that exceeds performance targets based on three, six, and nine year reviews of private sector investment and job creation;
- Continued program performance that meets or exceeds targets addressed to increasing community capacity to achieve and sustain economic growth.

Target and Performance Summary

Performance Goal 1: Increase Private Enterprise and Job Creation in Economically Distressed Communities

<i>Measure</i>	<i>FY 2002 Target</i>	<i>FY 2002 Actual</i>	<i>FY 2003 Target</i>	<i>FY 2003 Actual</i>	<i>FY 2004 Target</i>	<i>FY 2004 Actual</i>	<i>FY 2005 Target</i>	<i>FY 2005 Actual</i>	<i>FY 2006 Target</i>	<i>FY 2007 Target</i>
Private sector dollars invested in distressed communities as a result of EDA investments	\$390M by FY 2005	\$640M from FY 1999 investments ¹	\$320M by FY 2006	\$1,251M from FY 2000 investments ²	\$330M (1.4 to 1) by FY 2007	\$947M from FY 2001 investments ⁴	\$270M (1.4 to 1) by FY 2008	\$1,791M from FY 2002 investments ⁶	\$265M (1.4 to 1) by FY 2009	TBD
	\$970M by FY 2008		\$810M by FY 2009	\$2,475M from FY 1997 investments ³	\$824M (3.5 to 1) by FY 2010	\$1,740M from FY 1998 investments ⁵	\$675M (3.5 to 1) by FY 2011	\$1,787M from FY 1999 investments ⁷	\$662M (3.5 to 1) by FY 2012	
	\$1,940M by FY 2011		\$1,620M by FY 2012		\$1,649M (7.0 to 1) by FY 2013		\$1,349M (7.0 to 1) by FY 2014		\$1,323M (7.0 to 1) by FY 2015	

¹ Actual private sector dollars - Three Year Performance exceeds the FY 1999 projected target of \$420 million by FY 2002. (snapshot of performance for first reporting interval for FY 1999 investments)

² Actual private sector dollars - Three Year Performance exceeds the FY 2000 projected target of \$400 million by FY 2003. (snapshot of performance for first reporting interval for FY 2000 investments)

³ Actual private sector dollars - Six Year Performance exceeds the FY 1997 projected target of \$581 million by FY 2003. (snapshot of performance for second reporting interval for FY 1997 investments)

⁴ Actual private sector dollars - Three Year Performance exceeds the FY 2001 projected target of \$480 million by FY 2004. (snapshot of performance for first reporting interval for FY 2001 investments)

⁵ Actual private sector dollars - Six Year Performance exceeds the FY 1998 projected target of \$650 million by FY 2004. (snapshot of performance for second reporting interval for FY 1998 investments)

⁶ Actual private sector dollars - Three Year Performance exceeds the FY 2002 projected target of \$420 million by FY 2005. (snapshot of performance for first reporting interval for FY 2002 investments)

⁷ Actual private sector dollars - Six Year Performance exceeds the FY 1999 projected target of \$1,040 million by FY 2005. (snapshot of performance for second reporting interval for FY 1999 investments)

<i>Measure</i>	<i>FY 2002 Target</i>	<i>FY 2002 Actual</i>	<i>FY 2003 Target</i>	<i>FY 2003 Actual</i>	<i>FY 2004 Target</i>	<i>FY 2004 Actual</i>	<i>FY 2005 Target</i>	<i>FY 2005 Actual</i>	<i>FY 2006 Target</i>	<i>FY 2007 Target</i>
Jobs created or retained in distressed communities as a result of EDA investments	11,500 by FY 2005	29,912 from FY 1999 investments ¹	9,170 by FY 2006	39,841 from FY 2000 investments ²	8,999 (38 to \$1M) by FY 2007	21,901 from FY 2001 investments ⁴	7,277 (38 to \$1M) by FY 2008	19,672 from FY 2002 investments ⁶	7,019 (37 to \$1M) by FY 2009	TBD
	28,900 by FY 2008		22,900 by FY 2009	47,607 from FY 1997 investment ³	22,497 (96 to \$1M) by FY 2010	64 to \$1M	18,193 (94 to \$1M) by FY 2011	# to \$1M	17,548 (93 to \$1M) by FY 2012	
	57,800 by FY 2011		45,800 by FY 2012		44,994 (191 to \$1M) by FY 2013	68,109 from FY 1998 investment ⁵	36,386 (188 to \$1M) by FY 2014	47,374 from FY 1999 investment ⁷	35,097 (185 to \$1M) by FY 2015	

¹ Actual jobs - Three Year Performance exceeds the FY 1999 target of 11,300 jobs by FY 2002. (snapshot of performance at first reporting interval for FY 1999 investments)

² Actual jobs - Three Year Performance exceeds the FY 2000 target of 11,300 jobs by FY 2003. (snapshot of performance at first reporting interval for FY 2000 investments)

³ Actual jobs - Six Year Performance exceeds the FY 1997 target of 25,200 jobs by FY 2003. (snapshot of performance at second reporting interval for FY 1997 investments)

⁴ Actual jobs - Three Year Performance exceeds the FY 2001 target of 14,400 jobs by FY 2004. (snapshot of performance at first reporting interval for FY 2001 investments)

⁵ Actual jobs - Six Year Performance exceeds the FY 1998 target of 27,000 jobs by FY 2004. (snapshot of performance at second reporting interval for FY 1998 investments)

⁶ Actual jobs - Three Year Performance exceeds the FY 2002 target of 11,500 jobs by FY 2005. (snapshot of performance at first reporting interval for FY 2002 investments)

⁷ Actual jobs - Six Year Performance exceeds the FY 1999 target of 28,400 jobs by FY 2005. (snapshot of performance at second reporting interval for FY 1999 investments)

Performance Goal 2: Improve Community Capacity to Achieve and Sustain Economic Growth

<i>Measure</i>	<i>FY 2002 Target</i>	<i>FY 2002 Actual</i>	<i>FY 2003 Target</i>	<i>FY 2003 Actual</i>	<i>FY 2004 Target</i>	<i>FY 2004 Actual</i>	<i>FY 2005 Target</i>	<i>FY 2005 Actual</i>	<i>FY 2006 Target</i>	<i>FY 2007 Target</i>
Percentage of economic development districts and Indian tribes implementing economic development projects from the comprehensive economic development strategy process that lead to private investment and jobs	TBD	NEW	95%	98.7%	95%	97.0%	95%	97.0%	95%	TBD
Percentage of sub-state jurisdiction members actively participating in the economic development district program	89-93%	95.3%	89-93%	96.7%	89-93%	90.1%	89-93%	91.0%	89-93%	TBD
Percentage of University Center clients taking action as a result of the assistance facilitated by the University Center	NEW	NEW	75%	78.1%	75%	78.4%	75%	78.8%	75%	TBD
Percentage of those actions taken by University Center clients that achieved the expected results	NEW	NEW	80%	85.7%	80%	87.5%	80%	87.5%	80%	TBD
Percentage of Trade Adjustment Assistance Centers (TAACs) clients taking action as a result of the assistance facilitated by the TAACs	NEW	NEW	90%	92.4%	90%	90.0%	90%	95.0%	90%	TBD
Percentage of those actions taken by Trade Adjustment Assistance Center clients that achieved the expected results	NEW	NEW	95%	98.4%	95%	98.0%	95%	97.0%	95%	TBD

Resource Requirements Summary

Performance Goal 1: Increase Private Enterprise and Job Creation in Economically Distressed Communities	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Estimate	2007 Base	2007 Request	Increase/ Decrease
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Salaries and Expenses	19.8	19.6	19.5	19.6	19.3	19.6	19.6	0
Economic Development Assistance Programs								
Regional Development Account							257.6	257.6
Public Works and Development Facilities	249.9	208.8	203.5	161.5	158.3	158.3	0	(158.3)
Economic Adjustment Assistance	26.9	29.9	31.8	31.4	30.9	30.9	0	(30.9)
Defense Economic Adjustment ²			[1.5]					
Total Funding Performance Goal 1	296.6	258.3	254.8	212.5	208.5	208.8	277.2	(68.4)
IT Funding ²	[1.8]	[0.8]	[0.8]	[0.8]	[0.8]	[0.8]	[0.8]	[0.8]
FTE	155	149	137	139	132	132	132	0
Performance Goal 2: Improve Community Capacity to Achieve and Sustain Growth								
Salaries and Expenses	10.6	10.5	10.5	10.5	10.4	10.1	10.1	0.0
Economic Development Assistance Programs								
Planning	24	23.9	23.7	27	26.6	26.6	27	0.4
Technical Assistance	9.5	9.2	8.1	8.3	8.2	8.2	0	(8.2)
Research and Evaluation	0.4	0.5	0.3	0.5	0.5	0.5	0	(0.5)
Trade Adjustment Assistance	10.5	10.4	11.8	11.8	12.8	12.8	12.8	0.0
Economic Adjustment Assistance	13.8	12.8	13.6	13.4	13.3	13.3	0	(13.3)
Defense Economic Adjustment ²			[.7]					
Total Funding Performance Goal 2	68.8	67.3	68	71.5	71.8	71.5	49.9	(21.6)
IT Funding ²	[0.9]	[0.5]	[0.4]	[0.4]	[0.4]	[0.4]	[0.4]	0.0
FTE	84	80	74	73	68	68	68	0.0
Appropriation Total								
Salaries and Expenses	30.4	30.1	30	30.1	29.7	29.7	29.7	0.0
Economic Development Assistance Program	335	295.5	292.8	254.0	250.6	250.6	297.4	46.8
TOTAL, EDA*	365.4	325.6	322.8	284.1	280.3	280.3	327.1	46.8

*Totals reflect direct obligations for EDAP programs and S&E; totals do not include one-time, disaster investments or reimbursable funding

2 - Not included in S&E or EDAP totals

Skill Summary

EDA possesses the following institutional skills: economic development policy and planning; community outreach and project development; program and investment management; civil rights, environmental, and legal compliance; engineering; financial management; research and evaluation; program and management analysis; and general administration.

PERFORMANCE GOALS

EDA Performance Goal 1: *Increase Private Enterprise and Job Creation in Economically Distressed Communities*

Corresponding DOC Strategic Goal:

Strategic Goal 1: Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers.

General Goal/Objective 1.1: *Enhance economic growth for all Americans by developing partnerships with private sector and nongovernmental organizations.*

Rationale for Performance Goal 1

EDA fosters a favorable environment for the private sector to risk capital investment to produce goods and services and increase productivity. While successful economic development projects attract private sector capital investment and create value-added jobs, they also benefit local communities and all levels of government. By investing in successful undertakings, creating jobs, and expanding the economy, the demand for government expenditures for social services decreases while tax revenues increase.

EDA's investment guidelines set standards to achieve its performance goals of promoting private sector investment and job creation in distressed communities. Potential investments must be market-based and results-driven; have strong organizational leadership; advance productivity, innovation, and entrepreneurship; and look beyond the immediate economic horizon, anticipate economic changes, and diversify the local and regional economy. Potential investments must also demonstrate a high degree of commitment by exhibiting high levels of local government or non-profit matching funds and private sector leverage; clear and unified leadership and support by local elected officials; and strong cooperation among the business sector, relevant regional partners, and local, state, and federal governments.

Measure 1a: Private Sector Dollars Invested in Distressed Communities as a Result of EDA Investments

Explanation of Measure: The actual FY 2005 outcomes reported are the three-year performance results of FY 2002 Public Works and Economic Development and Economic Adjustment Assistance infrastructure and Revolving Loan Fund investments and the six-year performance results of the FY 1999 Public Works and Economic Development and Economic Adjustment Assistance investments. The formula-driven calculation projects investment data at three-, six-, and nine-year intervals from the investment award. The formula is based on a study done by Rutgers University, which compiled and analyzed the performance of EDA Public Works projects after nine years. Based on this formula, EDA initially estimated that 10 percent of the nine-year projection would be realized after three years, and 50 percent after six years.

A review of the actual results for FY 1997 and FY 1998 performance measures shows that 20 percent of the projected private investment was realized within the first three years. Based on that review, EDA adjusted the three-year target to 20 percent. EDA will continue to analyze actual private investment results to collect smooth trend data prior to modifying the target further. Actual results reported here reflect a 25 percent discount to account for the attribution of jobs to dollars and economic conditions other than EDA dollars.

Measure 1b: Jobs Created or Retained in Distressed Communities as a Result of EDA Investments

Explanation of Measure: The actual FY 2005 outcomes reported are the results of the FY 2002 Public Works and Economic Development and Economic Adjustment Assistance infrastructure and Revolving Loan Fund investments and the six-year performance results of the 1999 Public Works and Economic Development and Economic Adjustment Assistance investments. The formula-driven calculation projects investment data at three-, six-, and nine-year intervals from investment award. The formula is based on a study by Rutgers University, which compiled and analyzed the performance of EDA Public Works projects after nine years. Based on this formula, EDA initially estimated that 10 percent of the nine-year projection would be realized after three years, and 50 percent after six years.

A review of the actual results for FY 1997 and FY 1998 performance measures shows that 20 percent of the projected jobs were realized within the first three years. Based on that review, EDA adjusted the three-year target to 20 percent. EDA will continue to analyze actual job creation results to collect smooth trend data prior to modifying the target further. Actual results reported here reflect a 25 percent discount to account for the attribution of jobs to dollars and economic conditions other than EDA dollars.

Performance Goal 2: Improve Community Capacity to Achieve and Sustain Economic Growth

Corresponding DOC Strategic Goal:

Strategic Goal 1: Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers.

General Goal/Objective 1.1: *Enhance economic growth for all Americans by developing partnerships with private sector and nongovernmental organizations.*

Rationale for Performance Goal 2

EDA is proud of its active partnership with economic development partners at the state, regional, and local levels. The partnership approach to economic development is key to effectively and efficiently addressing the economic development challenges facing U.S. communities. EDA, therefore, continues to build upon its partnerships with local development officials; Economic Development Districts; University Centers; faith-based and community-based organizations; and local, state, and federal agencies. Additionally, EDA will forge strategic working partnerships with private capital markets and look for innovative ways to spur development.

Economic development is a local process, although the federal government plays an important role by helping distressed communities build capacity to identify and overcome barriers that inhibit economic growth. EDA supports local planning and long-term partnerships with state and regional organizations that can assist distressed communities with strategic planning and investment activities. This process helps communities set priorities, determine the viability of projects, leverage outside resources to improve the local economy, and sustain long-term economic growth.

EDA Partnership Planning funds support the preparation of Comprehensive Economic Development Strategies (CEDs) that guide EDA Public Works and Economic Development and Economic Adjustment Assistance implementation investments, including Revolving Loan Fund investments. Sound local planning also attracts other federal, state, and local funds plus private sector investments to implement long-term development strategies. Evaluations of EDA's Public Works and Economic Development and Defense Economic Adjustment Assistance programs show that EDA capacity-building programs play a significant role in the successful outcomes of its infrastructure and Revolving Loan Fund projects.

EDA Performance Measures

Measure 2a: Percentage of Economic Development Districts and Indian Tribes Implementing Economic Development Projects from the CEDs Process that Lead to Private Investment and Jobs

Explanation of Measure: This measure provides an indication of whether the CEDs process is market-based and whether EDA is helping to create an environment conducive to the creation and retention of higher-skill, higher-wage jobs. Research conducted on FY 2002 data established a baseline measure for subsequent years.

Measure 2b: Percentage of Sub-State Jurisdiction Members Actively Participating in Economic Development Districts

Explanation of Measure: Economic Development Districts (EDDs) generally consist of three or more counties that are considered member jurisdictions. Sub-state jurisdiction participation indicates the District's responsiveness to the area it serves and shows that the services it provides are of value. Active participation was defined as either attendance at meetings or financial support of the Economic Development District during the reporting period. Sub-state jurisdiction members are independent units of government (cities, towns, villages, counties, etc.) and eligible entities substantially associated with economic development, as set forth by the District's by-laws or alternate enabling document.

Measure 2c: Percentage of University Center Clients Taking Action as a Result of the Assistance Facilitated by the University Center

Explanation of Measure: This measure determines the perceived value-added by the University Centers to their clients. EDA funds 58 University Centers that provide technical assistance and specialized services (for example, feasibility studies, marketing research, economic analysis, environmental services, and technology transfer) to local officials and communities. This assistance improves the community's capacity to plan and manage successful development projects. University Centers develop client profiles and report findings to EDA, which evaluates the performance of each center once every three years and verifies the data.

"Taking action as a result of the assistance facilitated" means to implement an aspect of the technical assistance provided by the University Center in one or several areas: economic development initiatives and training session development; linkages to crucial resources; economic development planning; project management; community investment package development; geographic information system services; strategic partnering to public- or private-sector entities; increased organizational capacity; feasibility plans; marketing studies; technology transfer; new company, product, or patent developed; and other services.

Measure 2d: Percentage of Those Actions Taken by University Center Clients that Achieved the Expected Results

Explanation of Measure: This measure is a follow-up to the measure, “Percentage of University Center clients taking action as a result of the assistance facilitated by the University Center.” This measure determines if the assistance provided by the University Center is market-based and results in desired outcomes. University Centers develop client profiles and report to EDA, which will evaluate and verify the performance of each University Center once every three years.

Measure 2e: Percentage of Trade Adjustment Assistance Center (TAAC) Clients Taking Action as a Result of the Assistance Facilitated by the TAAC

Explanation of Measure: This measure determines the value-added of the assisted TAAC to its clients. Eleven EDA-funded TAACs work with U.S. firms and industries that have been adversely impacted as a result of increased imports of similar or competitive goods to identify specific actions to improve each firm’s competitive position in world markets.

“Taking action as a result of the assistance facilitated” means to implement an aspect of the Trade Adjustment Assistance provided by the TAAC. The TAACs provide three main types of assistance to firms: help in preparing petitions for certification (which must be approved by EDA in order for the firm to receive technical assistance), analysis of the firm’s strengths and weaknesses and development of an adjustment proposal, and in-depth assistance for implementation of the recovery strategy as set forth in the adjustment proposal.

Measure 2f: Percentage of Those Actions Taken by TAAC Clients that Achieved the Expected Results

Explanation of Measure: This is a follow-up to the measure, “Percentage of TAAC clients taking action as a result of the assistance facilitated by the TAAC.” This measure will determine if the assistance facilitated by the TAACs is market-based and results in desired outcomes. The centers conduct client surveys and report findings to EDA.

Program Evaluations:

According to the performance evaluation of EDA’s Public Works and Economic Development program (Rutgers et al. 1997), EDA investments produce jobs, usually in increasing amounts, after project completion. The study found that investment impacts “jobs resulting six years after completion [generally about nine years after investment award] were, on average, twice the number witnessed at project completion [generally about 3 years after award]”. Since most investments are completed an average of three years after award, EDA monitors performance results at three, six, and nine years after investment award. In FY 2005, EDA initiated a new evaluation of EDA program effectiveness in addressing regions of economic distress particularly with respect to the generation of private investment and in helping to create an environment for the creation and retention of higher-skill, higher-wage jobs. Another evaluation completed during FY 2005 concluded that the Economic Adjustment Assistance program was valuable and useful.

Cross-cutting Activities:

Intra-Department of Commerce:

EDA collaborates with the following Department of Commerce bureaus on cross-cutting initiatives:

- National Oceanic and Atmospheric Administration (NOAA) -- Strategies to promote Port Improvement and Economic Revitalization (PIER), sustainable development, disaster reduction, protection of natural resources, and the development of eco-industrial parks.
- National Institute of Standards and Technology (NIST) -- Technology deployment and assistance to small manufacturers in economically distressed areas.
- National Telecommunications and Information Administration (NTIA) -- Strategies to upgrade telecommunications infrastructure in distressed rural and urban communities.
- Minority Business Development Agency (MBDA) -- Increased support for minority business development and entrepreneurship and for minority-serving institutions.
- Advisory Council on Historic Preservation (ACHP) – Efforts to support the Preserve America Initiative.

Other Government Agencies:

EDA builds effective partnerships with federal, state, and local entities on program delivery and information dissemination. At the federal level, major partners include:

- Federal Emergency Management Agency (FEMA) -- Early response, coordination, mitigation, and economic recovery efforts following major disasters.
- Environmental Protection Agency (EPA) -- Strategies to redevelop brownfields and improve air quality in ways that benefit economically distressed communities.
- Department of Defense Office of Economic Adjustment (OEA) -- Economic adjustment strategies and investments for base reuse and communities affected by Base Realignment and Closure Commission (BRAC) decisions.
- Department of Energy (DOE) -- Economic adjustment assistance to communities affected by closures of federal energy labs and facilities.
- Appalachian Regional Commission (ARC) -- Community and economic development assistance for economically distressed areas in the thirteen-state Appalachian region.
- Department of Labor (DOL) -- Dislocated Worker Program and National Apprenticeship Program.
- Department of Agriculture (USDA), Rural Development/Rural Utilities (RD/RU) -- Infrastructure and business financing for enterprise development in rural areas.
- Department of Transportation (DOT) -- Improvements to highway, port, rail, and airport facilities to support private investment in distressed communities.
- Department of Housing and Urban Development (HUD) -- Coordination of Community Development Block Grants (CDBG) funds for economic development at the state and local levels; support for Empowerment Zones, Enterprise Communities, and Renewal Communities.
- Delta Regional Authority (DRA) -- A federal-state partnership serving a 240-county/parish area in an eight-state region to help economically distressed communities to leverage other federal and state programs which are focused on basic infrastructure development and transportation improvements, business development, and job training services.
- Council on Environmental Quality (CEQ) – American Heritage Rivers.
- Treasury Department – CFDI Fund Board and CAIP Board.
- Advisory Council on Historic Preservation (ACHP) – Preserve America Initiative.

Government/Private Sector:

EDA reviewed interagency agreements and supported GAO's review of cross-cutting federal programs for state and local economic development projects. EDA will provide leadership to improve federal assistance for economic development programs in distressed communities.

External Factors and Mitigation Strategies:

GAO has recognized that measuring the performance of economic development programs is difficult because of the many external factors that can influence local economies. To ensure strong program performance, EDA targets assistance to projects that can provide direct and lasting benefits to economically distressed communities. EDA programs are not intended to work alone, but to increase the availability of outside capital (both public and private) for sustainable development strategies to create and retain private enterprise and jobs in economically distressed areas. In doing so, EDA recognizes that many factors can influence the level of distress, the rate of investment and job creation or retention, and the availability of other public funding and private entities. For example:

- National or regional economic trends, such as slowdowns in the national economy, can cause firms to delay or postpone investments in new products, markets, plants, equipment, and workforce development. Such trends can affect the rate at which jobs are created or retained.
- Changes in business climate and financial markets can impact the level of private capital and degree of risk associated with investment decisions, particularly for firms considering establishing or expanding operations in highly distressed areas.
- Downturns in the national or regional economy can increase the demand for EDA assistance and reduce the availability of state and local funding. EDA regulations provide for waivers or reductions of the non-federal share, allowing EDA to cover a higher share of total project costs depending on the level of distress demonstrated by the local community.
- Natural disasters and other major events can dramatically impact local economies and create an unanticipated demand for EDA assistance. This can affect performance in several ways, increasing the number of areas that are eligible for assistance and the number of areas in highest distress. Such emergencies can alter funding priorities under regular EDA programs and at times result in emergency supplemental funding.

Mitigation Strategies Include:

- Strengthening local, state, and sub-state partnerships to assess and respond to long-term economic trends, sudden and severe dislocations, emergencies, and other unanticipated impacts on local economic conditions.
- Establishing flexible program and funding authorities that respond to local priorities.
- Developing effective partnerships with other federal agencies to improve assistance for distressed communities.
- Working directly with distressed communities, through experienced field staff and with state and local officials to achieve long-term development objectives and address sudden and severe economic dislocations.

Data Validation and Verification

The EDA GPRA pilot evaluation studies provided trend data on past performance. This information informs EDA's validation and verification methods, ensuring appropriate measurement of long-term investment outcomes and EDA's performance. EDA achieved a 98 percent response rate for the FY 1999 pilots and conducted site visits to more than 25 percent of the projects to validate and verify data reported. The data was provided to Rutgers University for review and comparison with the original evaluations.

EDA validates annual performance results of private sector investment and job creation upon receipt of the data. For FY 1999 investment results reported in FY 2002, the Regional Offices verified 89 percent of the private sector investment and 58 percent of the jobs created. The Regional Offices directly contacted those investment recipients to request supporting information. Reports were completed that identified how the data was verified and the person or business contacted to verify the data. During FY 2005, EDA conducted validation site visits on six investments. The sample included one investment in each region. The site visits were evenly split between investments made during FY 1999 and FY 2002. At the time of the visits, the investments were reviewed utilizing the data report outline below. In all cases, the private investments and jobs created were verified. The verified data generally exceeded the values originally reported.

EDA processing procedures specify that staff verify proposed private investments and jobs. Proposals for EDA investments are reviewed by Regional Investment Review Committees (IRC) and then forwarded to the Headquarters' Budget and Performance Evaluation Division for quality assurance review. The quality assurance process was implemented to determine whether the IRC-endorsed investments satisfy the regulatory requirements and Investment Policy Guidelines, as amended. Once an applicant has been invited to submit a formal application for an investment, the application includes a signed "Assurances of Compliance with Civil Rights and Other Legal Requirements" (Exhibit V.B.1.b).

EDA utilizes the following criteria for site selection to verify the private investment and job creation and retention data reported for its performance measures:

- The fiscal year data being verified are from an investment that was closed within the appropriate three-, six-, or nine-year reporting time-frame.
- EDA investment is equal to or greater than \$500,000.
- Private investment dollars and jobs created or retained is present.
- At least one verification site visit per region will be conducted.
- A varied selection of Public Works and Economic Development and Economic Adjustment Assistance (regular, defense, or Revolving Loan Fund) investments will be reviewed.

The GPRA site validation visit report includes background of the EDA investment and a project description. The following data are requested from the investment recipient with accompanying documentation for each item to verify the information.

- The tax assessment of the property or the building, before and after the construction or renovation. (if available)
- The number of jobs retained at the time of project close-out and at the time of the site visit. Sources must be identified with documentation.
- The number of jobs created at the time of project close-out and at the time of the site visit. Sources must be identified with documentation.
- The average salary of building's previous tenants, if applicable, or average annual wage before EDA investment. (if available)
- The average annual wage after the EDA investment.
- The amount of private investment at the time of project closeout and at the time of the site visit. Sources must be identified with documentation.
- The increase in Local Real or Business Property Tax Base (in dollars, if available).
- The percentage of population growth (or decline) since investment award.
- Direct project-related results, direct non-project-related results, and indirect results (if any) are identified in the report, as well as an overall assessment of the EDA investment.
- Photos, brochures, news-related articles (if available) are also included.

As EDA collects and analyzes the data, EDA will use it to adjust performance targets as appropriate.

**Economic Development Administration
Data Validation and Verification Chart**

<i>Performance Measure</i>	<i>Data Source</i>	<i>Frequency</i>	<i>Data Storage</i>	<i>Verification</i>	<i>Data Limitations</i>	<i>Actions to be Taken</i>
Measure 1a: Private Sector Dollars Invested in Distressed Communities as a Result of EDA Investments Measure 1b: Jobs Created or Retained in Distressed Communities as a Result of EDA Investments	Investment Recipient performance reports	At three-year intervals (typically three, six, and nine years after investment award)	EDA Management Information System	To validate data, EDA regions contacted recipients, or confirmed with engineers or project officers who had been on site. EDA will perform regional validation on-site visit with some recipients.	Universe - Regular Appropriation for Public Works and Economic Development and Economic Adjustment Assistance implementation and Revolving Loan Fund investments. Private investment may vary along with economic cycles.	EDA will continue to monitor investment and job creation data.
Measure 2a: Percentage of Economic Development Districts and Indian Tribes Implementing Economic Development Projects from the CEDS Process that Lead to Private Investment and Jobs	Investment Recipient Performance Evaluations and Comprehensive Economic Development Strategy	Annually	EDA Management Information System	EDA will conduct periodic performance reviews and site visits	Universe - EDA Partnership Planning investments only. This measure may vary with economic cycles due to limited local resources during downturns for project investments.	Baseline established from FY 2002 data. EDA will continue to monitor and develop trend data.
Measure 2b: Percentage of Sub-state Jurisdiction Members Actively Participating in the Economic Development District Program	Investment Recipient Performance Evaluations	Annually	EDA Management Information System	EDA conducts performance reviews and site visits on approximately one-third of the District and Indian Tribe investments per year.	Universe - EDA Partnership Planning investments only. This measure shows the value-added of the Economic Development Districts in which EDA invests. While an Economic Development District may be effective, members still may not participate for other reasons.	EDA will continue to monitor compliance with the new definition of sub-state member jurisdictions.
Measure 2c: Percentage of University Center Clients Taking Action as a Result of the Assistance Facilitated by the University Center	University Center client profiles	Annually	EDA Management Information System	Performance data will be verified by the University Centers. EDA headquarters will annually review profile data.	Universe - EDA Local Technical Assistance investments. This measures the value of the University Centers; however, while the assistance may be valued, clients may choose not to act for other reasons.	Baseline established from FY 2002 data. EDA will continue to monitor and develop trend data.
Measure 2d: Percentage of Those Actions Taken by University Center Clients that Achieved the Expected Results	University Center client profiles	Annually	EDA Management Information System	Performance data will be verified by the University Centers. EDA headquarters will annually review data.	Universe - EDA Local Technical Assistance investments only. Outside mitigating factors such as the local economy may affect the measure.	Baseline established from FY 2002 data. EDA will continue to monitor and develop trend data.

<i>Performance Measure</i>	<i>Data Source</i>	<i>Frequency</i>	<i>Data Storage</i>	<i>Verification</i>	<i>Data Limitations</i>	<i>Actions to be Taken</i>
Measure 2e: Percentage of Trade Adjustment Assistance Center Clients Taking Action as a Result of the Assistance Facilitated by the TAAC	Trade Adjustment Assistance Center client profiles	Annually	EDA Management Information System	Performance data will be verified for the Trade Adjustment Assistance Centers. EDA headquarters will annually review data.	Universe - EDA Trade Adjustment Assistance investments only. Outside mitigating factors such as the local economy may affect the measure.	Baseline established from FY 2002 data. EDA will continue to monitor and develop trend data.
Measure 2f: Percentage of Those Actions Taken by Trade Adjustment Assistance Center Clients that Achieved the Expected Results	Trade Adjustment Assistance Center client reports	Annually	EDA Management Information System	Performance data will be verified by the Trade Adjustment Assistance Centers. EDA headquarters will annually review data.	Universe - EDA Trade Adjustment Assistance investments only. Outside mitigating factors such as the local economy may affect the measure.	Baseline established from FY 2002 data. EDA will continue to monitor and develop trend data.

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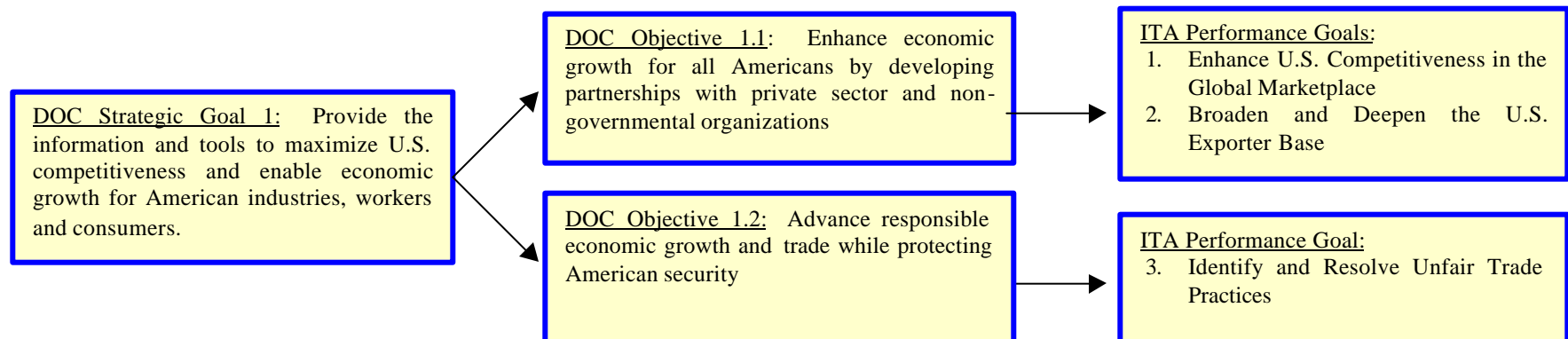
Exhibit 3a

ANNUAL PERFORMANCE PLAN

ITA Vision Statement: Foster economic growth and prosperity through global trade

ITA Mission Statement: Create prosperity by strengthening the competitiveness of U.S. industry, promoting trade and investment, and ensuring fair trade and compliance with trade laws and agreements

The International Trade Administration (ITA) is committed to free and fair trade by expanding market access to new foreign markets through negotiations, assessing domestic and international competitiveness, promoting U.S. exports, and ensuring fair competition and trade compliance with international trade agreements. ITA supports the Department of Commerce's mission of creating the conditions for economic growth and opportunity by providing a variety of products and services to the U.S. exporting community. ITA's three performance goals directly tie to the Department's strategic goal and objectives. The relationship between the Department's goal and objectives and ITA's performance goals is depicted below:



This FY 2007 Annual Performance Plan (APP) has been prepared to enable ITA to face the emerging challenges of a dynamic global trading environment by building on both our FY 2006 annual program priorities and by supporting our longer term strategic direction. The President and the Secretary of Commerce rely upon ITA to use free trade to open the door to greater prosperity for developing economies. ITA accomplishes this by working closely with stakeholders in the government as well as in the business community to achieve critical economic objectives. Government and industry have worked side-by-side to support passage of several free trade agreements, advance U.S. positions in the World Trade Organization, and to expand market access and promote U.S. exports in commercially significant markets such as China and India. ITA and the Department will continue to make our region the most competitive area of the globe by eliminating

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unnecessary regulations and removing other obstacles to growth. These efforts coupled with critical free trade agreements, like the recently passed Central American - Dominican Republic Free Trade Agreement (CAFTA-DR agreement), are critical to our country for economic reasons, strategic reasons, and symbolic reasons. As Secretary Gutierrez recently stated, "Anyone who wants to help decide the outcome of this philosophical struggle between economic isolationism and economic liberty does not belong on the sidelines. This is a critical time. We need to stand up and support freedom, democracy, free-enterprise, free trade, and entrepreneurialism."

ITA and the Commerce Department face critical challenges that must be addressed to maintain our economy and to sustain American prosperity. These challenges include strengthening American manufacturing and service sectors by ensuring that we maintain and enhance U.S. competitiveness both domestically and internationally. ITA has already moved aggressively to help the Nation's manufacturers and service sectors by assessing and evaluating industry practices, competitive posture, and structure. ITA advises the Secretary of Commerce and the Congress on the health of U.S. manufacturing and service industries. Through analysis of competitiveness and assessment of trade opportunities, ITA shapes U.S. trade policy to advance U.S. interests in the global marketplace and to eliminate trade practices that distort markets for goods, capital and labor.



"Anyone who wants to help decide the outcome of this philosophical struggle between economic isolationism and economic liberty does not belong on the sidelines. This is a critical time. We need to stand up and support freedom, democracy, free-enterprise, free trade, and entrepreneurialism."

U.S. Secretary of Commerce, Carlos M. Gutierrez's Remarks Before the Council of the Americas - Tuesday, May 3, 2005, Washington, D.C.

ITA's Trade Promotion and the U.S. & Foreign Commercial Service (Commercial Service or CS) has been modernized to deliver better products and services to business clients and to recover their full costs when applicable. The Commercial Service places primary emphasis on the promotion of goods and services from the United States, particularly by small and medium-sized enterprises (SMEs), and on the protection of U.S. business interests abroad. Currently, U.S. exports account for about 25 percent of U.S. economic growth during the past decade and support an estimated 12 million jobs. In addition, jobs in exporting plants pay wages that average up to 18 percent more than jobs in non-exporting plants.¹ Commercial Service employees work to expand the number of U.S. companies that export, expand the number of exports companies make in a market and broaden the number of companies that export to more than one country. They provide high-quality services and customized solutions through a unique global network of knowledgeable trade professionals located in over 250 offices domestically and internationally. Help is also extended to provide export assistance to rural companies and minority/women-owned firms. President Bush's top economic priority is the creation of more jobs for American workers. Free and fair trade helps create those higher-paying jobs for American workers by opening new markets for American products and services, bringing lower prices and more choices to American consumers, and attracting foreign companies to invest and hire in the United States. America is economically stronger when we participate fully in the worldwide economy. When 95% of the potential customers for American products live outside the country, America must reject policies that would result in economic isolationism.

¹ February 2005 President Bush's address to the Women's Entrepreneurship in the 21st Century Forum

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ITA advances trade compliance and market access through its Trade Compliance Center, which works to monitor foreign countries' compliance with trade agreement obligations, addresses compliance violations promptly, and increases awareness among U.S. exporters of the rights created by these trade agreements. The Market Access and Compliance's (MAC) program takes new and proactive measures to ensure that our trading partners honor their commitments. MAC is staffed with experts in intellectual property rights, trade compliance and policy analysis. MAC works closely with the United States Trade Representative (USTR) and the U.S. Patent and Trademark Office (USPTO) to investigate and resolve violations of U.S. negotiated trade agreements.

The Import Administration (IA) program, which enforces U.S. trade laws, works extensively with U.S. businesses on a regular basis to help them understand U.S. trade laws related to dumping and foreign government subsidies. Appropriate actions are taken when violations have been identified. IA's Unfair Trade Practices Team tracks, detects and confronts unfair competition by monitoring economic data from U.S. global competitors and vigorously investigates evidence of unfair subsidization and production distortions. IA has been able to focus and sharpen expertise on China through its China Compliance office to ensure that China adheres to its accession requirements under the World Trade Organization (WTO). It is critical that ITA devotes more resources to China cases and issues unique to non-market economies, such as intellectual property rights violations and subsidization.

The productivity of American workers is unrivaled, yet their competitiveness can be compromised by unnatural and government imposed restraints on free and open markets. President Bush has consistently declared that free trade cannot be a one-way street. ITA is mindful of the dramatic impact of inequitable trade practices, and has marshaled all the resources at its disposal to level the playing field.

Priorities/Management Challenges

Although significant events are difficult to predict as one plans for FY 2007, ITA recognizes there are considerable challenges that the organization will face in the next fiscal year. These are summarized below:

- **Trade Relations with China** – China's trade has been growing rapidly with imports into China from nearly all trading partners growing at double digit rates. Imports from Asia to China in U.S. dollar terms have increased by 43 percent in 2003, while imports from Europe and the U.S. to China increased by 31 percent and 24 percent respectfully. The U.S. imports from China were \$196.7 billion in 2004 (an increase of 29% over 2003), making China the second largest exporter of goods to the United States, behind only Canada's \$256 billion export total. At current rates of growth, China will surpass Canada and become the largest supplier of U.S. imports in 2006. As these figures indicate, trade with China continues to present a number of challenges for U.S. companies. Until WTO accession is completed in 2017, aspects of the Chinese economy are still organized under principles that are inconsistent with the World Trade Organization rules, and, since it is a non-market economy, these issues impact our trading relationship. ITA, in close coordination with the USTR and other agencies, has adopted an aggressive and multi-pronged approach to ensure that China honors its WTO commitments and that U.S. companies benefit from these opportunities. Additionally, IA is focusing and sharpening expertise in China through the China Compliance office that devotes more resources to China and cases/issues unique to non-market economies. Our ability to verify whether China is in compliance with its subsidy obligations is severely hindered by an overall lack of transparency in China, which limits our ability to obtain detailed information on actual subsidy programs. Both bilaterally and at the WTO, we, in concert with the USTR, have been increasing pressure on China to improve transparency of its subsidy practices, including making its required annual notifications to the WTO Subsidies Committee – a responsibility China has failed to meet every year. ITA will remain vigilant on all trade compliance issues with China.

- **Manufacturing in America** – *Manufacturing in America, A Comprehensive Strategy to Address the Challenges to U.S. Manufacturers* (available at www.manufacturing.gov) published in January 2004, acknowledged that manufacturing is vital to the nation's economy, recognizes the unprecedented challenges to U.S. global leadership, and recommends reforms to strengthen manufacturing competitiveness. ITA is implementing the recommendations

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made in the *Manufacturing in America* report. ITA has already addressed 33 recommendations and is working closely with its partners and stakeholders, through the interagency process, to implement the remainder. This effort is critical for U.S. commerce to ensure ITA is fostering an environment in which U.S. firms can compete and succeed in manufacturing.

- **Expanding Global Intellectual Property Rights (IPR) Enforcement** – IPR protection leads to improvements in productivity, and helps trigger new ideas and pushes inventors to improve existing technologies. IPR protection is an essential component of an economic foundation. ITA is focusing resources to enforce U.S. negotiated trade agreements, uphold the U.S. Strategy Targeting Organized Piracy (STOP available at www.stopfakes.gov) and combat violators of IPR around the world. ITA will identify perpetrators along the entire chain, including manufacturers and importers, and will exert pressure on countries where problems are found. ITA will work with U.S. industry and coordinate with other U.S. agencies, including the USPTO and the U.S. Food and Drug Administration (FDA), to investigate allegations of piracy and to help resolve market access and trade compliance cases.
- **Strengthen Federal Trade Promotion Programs and Cooperation** – Two critical annual program priorities for ITA during FY 2006 include our efforts to expand market access and promote U.S. exports in commercially significant markets and to strengthen public-private promotion and implement U.S. government-wide commercial strategies. These priorities reinforce ITA's mandate to increase and improve trade promotion activities for American businesses, especially small and medium-sized enterprises that leverage federal and other assistance programs to successfully compete in the global marketplace. Utilizing the "2005 National Export Strategy", the Secretary of Commerce announced a multi-year national trade promotion agenda to better leverage federal trade promotion programs and initiatives and ensure greater cooperation under the Trade Promotion Coordinating Committee. Recommendations in this agenda included: 1) targeted trade promotion support of markets with the greatest potential for American exporters, including those with Free Trade Agreements and/or other commercially significant market trends such as those in China, Russia, Japan and South Korea; 2) strategies to increase the number of new clients through targeting New-to-Export/New-to-Market (NTE/NTM) companies, as well as rural and minority firms; 3) expansion of mutually beneficial joint programs with trade promotion partners, such as trade associations, SBDCs, FEDEX, NAM and key U.S. and international financial institutions; and 4) strategies to help level the playing field for U.S. companies by promoting good business practices with governments abroad.
- **The Asia-Pacific Partnership (APP) for Clean Development and Climate** is an international agreement announced on July 15, 2005 at an Association of South East Asia Nations (ASEAN)² Regional Forum meeting. Member countries account for around 50% of the world's greenhouse gas emissions, energy consumption, GDP and population. The United States, Australia, China, Japan, India and South Korea agreed to cooperate on development and transfer of technology which enables reduction of greenhouse gas emissions. Russia, Canada, Mexico, Brazil and several ASEAN members have expressed interest in joining the treaty in the future. Unlike the Kyoto Protocol, which imposes mandatory limits on greenhouse gas emissions, this pact allows member countries to set their targets for reducing emissions individually. This enables each nation to achieve results and plan outcomes while considering individual country specific conditions and externalities. The U.S. continues to have a substantial commercial advantage in technologies that reduce energy consumption and limit greenhouse gas emissions.

² The founding member countries of ASEAN were Indonesia, Malaysia, the Phillipines, Singapore and Thailand. States that joined later include Brunei, Vietnam, Laos, Myanmar and Cambodia. Papua New Guinea currently holds observer status in ASEAN.

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**ITA Target and Performance Summary for Annual and Long Term Measures
(By DOC Goal/Objective and ITA Performance Goal)**

DOC Strategic Goal 1: Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers and consumers

DOC Objective 1.1: Enhance economic growth for all Americans by developing partnerships with private sector and non-governmental organizations

ITA Performance Goal 1: Enhance U.S. Competitiveness in the Global Marketplace	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Target	FY 2007 Target	FY 2008 Target
Annual Measures							
Number of in-depth U.S. industry analyses completed to quantify the effects of policy proposals against structural cost benchmarks*	N/A	N/A	N/A	New	New	New	New
Percent of total competitiveness impediments identified by industry and other stakeholders where ITA takes appropriate action*	N/A	N/A	N/A	New	New	New	New
Number of analyses and reports developed to improve U.S. trade compliance and market access activities/developments, for example; Miscellaneous Tariff Bill, retaliations, and GSP assessments*	N/A	N/A	N/A	New	New	New	New
Percent of milestones completed in sector specific bilateral and multilateral dialogues and negotiations for trade agreements*	N/A	N/A	N/A	New	New	New	New
Customer perception of ease of access to export and trade information and data	N/A	74	74	74	74 to 76	74 to 76	74 to 76
ITA Performance Goal 1: Enhance U.S. Competitiveness in the Global Marketplace	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Target	Midpoint Target	FY 2011 Target
Long Term Measure (Five Year Period)							
Number of Competitiveness Analyses to be completed	N/A	N/A	N/A	N/A	New	50% of FY 2011 Target	New

* Proposed measures are subject to change

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**ITA Target and Performance Summary for Annual and Long Term Measures
(By DOC Goal/Objective and ITA Performance Goal) continued**

DOC Strategic Goal 1: Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers and consumers

DOC Objective 1.1: Enhance economic growth for all Americans by developing partnerships with private sector and non-governmental organizations

Performance Goal 2: Broaden and Deepen the U.S. Exporter Base	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Target	FY 2007 Target	FY 2008 Target
Annual Measures							
Percentage of advocacy actions completed successfully	11.8%	10%	13%	12%	12% to 15%	12% to 15%	12% to 15%
\$ Value of advocacy cases completed successfully	N/A	N/A	N/A	N/A	New	Subject to FY 2006 Baseline	Subject to FY 2006 Baseline
Number of new-to-export export successes	699	896	704	620	700 to 850	700 to 850	700 to 850
Number of new-to-market export successes	5,740	6,278	4,759	4,888	4,760 to 5,500	4,760 to 5,500	4,760 to 5,500
Number of increase-to-market export successes	N/A	N/A	N/A	N/A	New	Subject to FY 2006 Baseline	Subject to FY 2006 Baseline
Number of export transactions made as a result of ITA involvement (Summary)	12,178	14,090	11,382	12,518	11,385 to 13,500	11,385 to 13,500	11,385 to 13,500
Percentage of Commercial Service Fee Funded Programs	New	New	1%	2%	3%	Discontinued	Discontinued

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ITA Performance Goal 2: Broaden and Deepen the U.S. Exporter Base	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Target	Midpoint Target	FY 2011 Target
Long Term Measure (Five Year Period)							
Number of new-to-export export successes	N/A	N/A	N/A	N/A	4,400	50% of FY 2011 Target	5,000
Number of new-to-market export successes	N/A	N/A	N/A	N/A	31,600	50% of FY 2011 Target	35,000
Number of increase-to-market export successes	N/A	N/A	N/A	N/A	New	50% of FY 2011 Target	Subject to FY 2006 Baseline
Number of export transactions made as a result of ITA involvement	N/A	N/A	N/A	N/A	71,500	50% of FY 2011 Target	75,000
Percentage of Commercial Service fee funded programs	N/A	N/A	N/A	2%	3%	Discontinued	Discontinued

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**ITA Target and Performance Summary for Annual and Long Term Measures
(By DOC Goal/Objective and ITA Performance Goal) continued**

DOC Strategic Goal 1: Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers and consumers

DOC Objective 1.2: Advance responsible economic growth and trade while protecting American security

Performance Goal 3: Identify and Resolve Unfair Trade Practices	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Target	FY 2007 Target	FY 2008 Target
Annual Measures							
Percentage of AD/CVD proceedings completed within statutory deadlines	100%	100%	100%	100%	100%	100%	100%
Number of market access and compliance cases initiated	253	144	161	160	150 to 160	150 to 160	150 to 160
Number of market access and compliance cases concluded	New	158 ³	116	85	80 to 90	80 to 90	80 to 90
Percentage of market access and compliance cases initiated on behalf of small and medium-sized businesses	N/A	N/A	N/A	N/A	New	Subject to FY 2006 Baseline	Subject to FY 2006 Baseline
Percentage of market access and compliance cases resolved successfully* (reduction or elimination of the market barrier)	N/A	N/A	N/A	N/A	New	Subject to FY 2006 Baseline	Subject to FY 2006 Baseline
ITA Performance Goal 3: Identify and Resolve Unfair Trade Practices							
Long Term Measure (Five Year Period)	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Target	Midpoint Target	FY 2011 Target
Percentage of AD/CVD proceedings completed within statutory deadlines	N/A	N/A	N/A	N/A	100%	100%	100%
Percentage of market access and compliance cases initiated on behalf of small and medium-sized businesses	N/A	N/A	N/A	N/A	New	Subject to FY 2006 Baseline	Subject to FY 2006 Baseline
Percentage of market access and compliance cases resolved successfully* (reduction or elimination of the market barrier)	N/A	N/A	N/A	N/A	New	Subject to FY 2006 Baseline	Subject to FY 2006 Baseline

³ In FY 2003, the number of cases concluded exceeded the number of cases initiated because the program solved simple cases first.

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**Resource Requirements Summary
(Dollars in Millions)**

ITA Performance Goal 1: Enhance U.S. Competitiveness in the Global Market Place								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Estimate	FY 2007 Base	Increase/ Decrease	FY 2007 Request
Manufacturing and Services ³	\$69.2	\$69.9	\$52.3	\$58.9	\$51.5	\$47.3	\$.5	\$47.8
Executive Direction/Administration	\$ 1.9	\$ 2.8	\$ 3.7	\$ 3.7	\$ 4.6	\$ 4.3	0	\$4.3
Total Funding	\$71.1	\$72.7	\$56.0	\$62.6	\$56.1	\$51.6	\$.5	\$52.1
Direct	\$69.8	\$70.6	\$54.3	\$62.2	\$54.3	\$49.9	\$.5	\$50.4
Reimbursable	\$ 1.3	\$ 2.1	\$ 1.7	\$.4	\$ 1.8	\$ 1.7	0	\$ 1.7
IT Funding	\$ 4.4	\$ 4.0	\$ 4.0	\$ 4.2	\$ 4.1	\$ 3.7	0	\$ 3.7
FTE	391	402	287	264	258	256	0	256

ITA Performance Goal 2: Broaden and Deepen the U.S. Exporter Base								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Estimate	FY 2007 Base	Increase/ Decrease	FY 2007 Request
Commercial Service	\$208.6	\$208.6	\$212.9	\$236.1	\$246.1	\$257.3	\$ 1.5	\$258.8
Executive Direction/Administration	\$ 8.4	\$ 9.1	\$ 13.5	\$ 16.6	\$ 20.6	\$ 22.0	0	\$ 22.0
Total Funding	\$217.0	\$217.7	\$226.4	\$252.7	\$266.7	\$279.3	0	\$280.8
Direct	\$204.1	\$208.4	\$217.5	\$242.1	\$241.4	\$251.6	\$ 1.5	\$253.1
Reimbursable	\$ 12.9	\$ 9.3	\$ 8.9	\$ 10.6	\$ 25.3	\$ 27.7	0	\$ 27.7
IT Funding	\$ 16.4	\$ 14.6	\$ 12.5	\$ 19.9	\$ 20.2	\$ 22.5	0	\$ 22.5
FTE	1,361	1,290	1,273	1,335	1,348	1,354	0	1,354

These figures are generated from Exhibits 5, 7 and 10. The FY 2007 budget request is \$408.8 million and the above table, which shows ITA's performance and budget integration efforts, divides this amount between the agency's three program performance goals:

Goal 1. Broaden and Deepen the U.S. Exporter Base: Commercial Service – 62%;

Goal 2. Identify and Resolve Unfair Trade Practices: MAC and IA – 26%; and

Goal 3. Enhance U.S. Competitiveness in the Global Marketplace: MAS – 12%.

³ ITA added \$9.7 million to the Travel and Tourism Expenditure fund.

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**Resource Requirements Summary
(Dollars in Millions) continued**

ITA Performance Goal 3: Identify and Resolve Unfair Trade Practices								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Estimate	FY 2007 Base	Increase/ Decrease	FY 2007 Request
Market Access and Compliance	\$ 29.5	\$ 37.9	\$ 42.2	\$ 44.4	\$ 43.9	\$ 40.0	0	\$ 40.0
Import Administration	\$ 38.7	\$ 45.6	\$ 45.4	\$ 63.1	\$ 59.7	\$ 59.7	0	\$ 59.7
Executive Direction/Administration	\$ 4.4	\$ 4.6	\$ 7.0	\$ 8.3	\$ 10.3	\$ 9.2	0	\$ 9.2
Total Funding	\$ 72.6	\$ 88.1	\$ 94.6	\$115.8	\$113.9	\$108.9	0	\$108.9
Direct	\$ 72.1	\$ 87.6	\$ 92.7	\$114.7	\$110.0	\$105.3	0	\$105.3
Reimbursable	\$ 0.5	\$ 0.5	\$ 1.9	\$ 1.2	\$ 3.9	\$ 3.6	0	\$ 3.6
IT Funding	\$ 6.2	\$ 6.5	\$ 6.0	\$ 7.9	\$ 7.6	\$ 6.6	0	\$ 6.6
FTE	513	574	610	638	636	632	0	632

Grand Total								
Total Funding	\$357.7	\$376.9	\$393.7	\$431.2	\$436.7	\$439.8	2.0	\$441.8
Direct	\$342.2	\$365.8	\$380.9	\$419.0	\$405.7	\$406.8	2.0	\$408.8
Reimbursable	\$ 15.5	\$ 11.1	\$ 12.8	\$ 12.2	\$ 31.0	\$ 33.0	0	\$ 33.0
IT Funding	\$ 27.2	\$ 25.6	\$ 22.5	\$ 32.0	\$ 31.9	\$ 32.8	0	\$ 32.8
FTE	2,256	2,255	2,285	2,237	2,242	2,242	0	2,242

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Skill Summary:

The following list describes ITA's core competencies. These skills are essential to ensure the success of ITA's strategic mission. Skill gaps and additional skills are currently being identified to ensure ITA is properly equipped with newly identified capabilities to advance its program functions. At present ITA requires all of the skills listed below:

- In-depth knowledge of international and domestic trade laws and regulations, economics, and commercial diplomacy;
- Understanding of foreign trade practices, trade programs and policies;
- Regulatory economic analysis;
- Research and analytical skills to help evaluate U.S. industry conditions, domestic and overseas market/industry trends, and U.S. and foreign government policies impacting U.S. businesses;
- Skills to manage the development of trade policy impacting the competitiveness of domestic industry;
- Country, regional and/or industry-sector expertise;
- Specialized knowledge and experience in export marketing, trade mechanics and promotion;
- In-depth knowledge of trade distorting practices related to production aberrations and non-tariff barriers;
- Understanding of key trade issue areas such as intellectual property rights, non-tariff trade barriers, international standards;
- Knowledge of key U.S. government positions for country/sector specific bilateral, multilateral, and plurilateral trade negotiations;
- Information technology skills - to deliver services to clients, stakeholders and oversight authorities; to identify, analyze, and manage information and information enterprise architecture; and to interface with technology to improve productivity and client service;
- Leadership skills - to lead and manage ITA's missions and programs;
- Customer service skills - to improve delivery of products and services to customers and, where possible, assess appropriate fees; and
- Project management skills -- to lead and manage projects and contracted work.

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ITA Performance Goal 1: Enhance U.S. Competitiveness in the Global Marketplace

Corresponding DOC Strategic Goal and Objective:

DOC Strategic Goal 1: Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers and consumers

DOC Objective 1.1: Enhance economic growth for all Americans by developing partnerships with private sector and non-governmental organizations

Rationale for ITA Performance Goal 1:

The challenges facing U.S. manufacturers raise important questions for both industry and government. For industry, the question is how best to reinforce the sector's strengths and maintain its competitive edge in an increasingly competitive global economy. The competitive pressure on U.S. manufacturers has forced them to cut costs, to adopt lean manufacturing techniques, and to implement quality assurance programs that guarantee zero defects in production. Innovation in products, processes, and services has become a key determinant for success. Fostering a competitive manufacturing sector also requires a different way of looking at government policy. The right policies in Washington, D.C.—and across the nation—can unleash the great potential of the U.S. economy and create the conditions for growth, prosperity, and job creation. For government, the ultimate question is whether the actions that it takes help or hinder American manufacturers as they compete in global markets. ITA's performance goal reflects the long-term strategy to "Enhance U.S. Competitiveness in the Global Marketplace."

The Manufacturing and Services (MAS) program in ITA is dedicated to strengthening the global competitiveness of U.S. industry and increasing exports with a special focus on U.S. manufacturers. MAS has undertaken steps to foster an environment where U.S. industries can compete in the global markets by coordinating efforts at all levels of government in support of manufacturing. The driving force behind these efforts is that good jobs need strong businesses. MAS consults with U.S. industry on challenges and opportunities, and combines industries' input with analysis to develop policy recommendations to promote expansion of U.S. industries exports. It sets strategic priorities for trade policy. Through analysis of trends in productivity, growth employment, and developments such as outsourcing and the importance of a global supply chain on U.S. industries' competitiveness, MAS ensures that U.S. industries' priorities are represented in market access negotiations. MAS advances policies and strategies that ameliorate the negative impacts of proposed domestic rules and regulations, stimulate innovation and investment, enhance economic growth, and retain jobs in U.S. industries.

ANNUAL MEASURES

Measures: Number of in-depth U.S. industry analyses completed to quantify the effects of policy proposals against structural cost benchmarks

Explanation of Measure:

This proposed measure quantifies the degree to which Manufacturing and Services (MAS) analysis: 1) assists U.S. industry understand the effects of U.S. policy; and 2) assists policy makers accurately assess the impact of policy on U.S. industry. The intended result from this measure is to improve the outcome of policy effects on negotiations and the industries affected by those negotiations.

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FY 2007 Target:

This is a new measure and an FY 2007 target will be set once an FY 2006 baseline is established.

Measures: Percent of total competitiveness impediments identified by industry and other stakeholders where ITA takes appropriate action

Explanation of Measure:

This proposed measure allows MAS to quantify the percentage of instances where ITA takes appropriate action on competitive impediments identified. The outcome is for MAS to identify and address factors that inhibit U.S. competitiveness and to gradually increase the percentage of those identified where ITA can take action.

FY 2007 Target:

This is a new measure and an FY 2007 target will be set once an FY 2006 baseline is established.

Measures: Number of analyses and reports developed to improve U.S. trade compliance and market access activities/developments

Explanation of Measure:

This proposed measure quantifies the number of analyses and reports produced by MAS which assist other agencies (such as USTR) and the U.S. industry, as a whole, to understand and take advantage of U.S. trade compliance and market access developments and activities. MAS is a program partner with ITA's Market Access and Compliance (MAC) program regarding compliance with sector-specific bilateral trade agreements. MAS also works closely with MAC on U.S. industries' perspective on WTO and FTA issues.

FY 2007 Target:

This is a new measure and an FY 2007 target will be set once an FY 2006 baseline is established.

Measures: Percent of milestones completed in sector specific bilateral and multilateral dialogues and negotiations for trade agreements

Explanation of Measure:

This proposed measure is a companion metric to the number of analyses and reports produced by MAS. Its purpose is to quantify the impact of ITA's advancement of trade policy and negotiation on both sector-specific and multilateral negotiations.

FY 2007 Target:

This is a new measure and an FY 2007 target will be set once an FY 2006 baseline is established.

Measure: Customer perception of ease of access to export and trade information and data

Explanation of Measure: ITA continues to enhance its product and service delivery to U.S. exporters. The measure assesses ITA customers' perception that export and trade information and data may be obtained via ITA web sites, database applications, export assistance centers, and other personal interactions with ITA personnel, in a timely and efficient manner. By monitoring ITA's performance in this regard, ITA hopes to increase the timeliness and efficiency of service

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delivery to U.S. businesses and improve the effectiveness of the provision of information and data for persons with disabilities. ITA believes that all customers should be able to obtain export and trade information and data quickly, accurately, and on first contact from courteous employees.

FY 2007 Target:

The FY 2007 target of 74 to 76 percent satisfied is based on survey data obtained from an ITA-wide survey conducted in FY 2003. ITA is currently conducting a second customer satisfaction survey in FY 2006 to measure its progress in customer satisfaction. The FY 2007 target will be adjusted accordingly once the customer survey results are analyzed.

LONG TERM MEASURES

Measures: Number of Competitiveness Analyses to be completed

Explanation of Measure:

This measure evaluates, over the long-term (five year period) the degree to which MAS analysis assists U.S. industry and policy makers accurately assess the impact of trade policy on U.S. industry. This measure will be used to calculate the number of in-depth U.S. industry analyses completed over five years that quantify the effects of policy proposals against structural cost benchmarks. Policy proposals include proposed legislation or regulation that would affect U.S. industry. Examples include tort reform and changes to pension liabilities. Structural cost benchmarks will be established once the baseline has been established. OMB's regulatory review methodology will be employed to ensure consistency with the regulatory process.

FY 2007 Target:

This is a new measure and an FY 2007 target will be set once an FY 2006 baseline is established.

FY 2007 Midpoint Target:

ITA will begin collecting data for this measure in FY 2006. Since this is a long-term measure, the target will be 50% of the 2011 target. The FY2011 target will be set once an FY 2006 baseline is established.

Program Evaluations:

The President has made manufacturing in America a top national priority. ITA participated in over 20 public roundtables to help identify the challenges facing the American manufacturing sector, ITA also analyzed official data that helped gauge the health of the manufacturing sector and produced a report that provides an overview of the domestic and international environment facing American manufacturing, highlights the expressed view of manufacturers regarding the challenges they face, and advances policy recommendations to help ensure that government is creating the conditions necessary for U.S. manufacturers to maximize their competitiveness.

ITA is taking steps to implement the recommendations that will strengthen and/or maintain industry's competitiveness and help American manufacturers compete and win in the 21st century. The Assistant Secretary for Manufacturing and Services has assembled a team to determine the best strategy to achieve the program's desired results. The Assistant Secretary has also identified several challenges the program will address. These include: 1) Creating the conditions for economic growth and manufacturing investment; 2) Determining the best approach for enabling the Service Industry Sector to achieve global comparative advantages in key emerging markets; 3) Lowering the cost of manufacturing in the United States; 4) Investing in innovation; and 5) Strengthening education, retraining, and economic diversification.

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Crosscutting Activities:

Intra-Department of Commerce

- The USPTO-provides support to ITA during international negotiations on intellectual property rights and advises ITA on patent and trademark issues.

Other Government Agencies

- The U.S. Customs and Border Protection ensures the prompt and accurate implementation of duty collection based on ITA's decisions on antidumping or countervailing duty cases.
- The Federal Aviation Administration advises ITA on strategies to address foreign regulatory barriers and security standards for transportation.
- The Department of State's economic officers assist with market research and compliance projects in countries where the Commercial Service does not maintain or has deployed minimal commercial staff.
- The Trade Promotion Coordinating Committee coordinates implementation of trade finance and trade promotion programs of the 19 TPCC member agencies.

Government/Private Sector

The President's Export Council, chaired by the Secretary of Commerce, advises the President on trade policy issues. Its members include 28 chief executive officers of private-sector companies, officials of other agencies (Commerce, State, Treasury, Labor, Agriculture, Small Business Administration, Export-Import Bank, and U.S. Trade Representative), and 10 Congressional representatives. The Industry Consultations Program, which consists of 22 trade advisory committees, provides a mechanism for the U.S. business community to provide input to the government on trade policy issues.

External Factors and Mitigation Strategies:

All trade is subject to sharp changes in economic performance in markets around the world; changes in trade policy in foreign nations; expansion of markets just starting to open; technological advances; and large-scale, unexpected capital movement. ITA's success in achieving this goal is impacted by domestic and international economic conditions. ITA staff identifies these changes and adopt policies that continue to promote expanding overseas markets for U.S. firms and workers.

ITA will analyze the impact of other nations' trade policies on U.S. firms. ITA will focus on Free Trade Agreements and the World Trade Organization, a labor-intensive component of the U.S. negotiating agenda. ITA will provide complex industry and economic analysis, conduct and support the negotiations and measure the impact of the trade agreements. ITA will also work closely with foreign governments and regulatory officials in the developing world to devise strategies to address regulatory barriers, head off potentially harmful regulations by our trading partners, and help shape regulations and standards that facilitate business and improve the quality of life.

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ITA Performance Goal 2: Broaden and Deepen the U.S. Exporter Base

Corresponding DOC Strategic Goal:

DOC Strategic Goal 1: Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers and consumers

DOC Objective 1.1: Enhance economic growth for all Americans by developing partnerships with private sector and non-governmental organizations

Rationale for ITA Performance Goal 2:

The health of the American economy depends on the America's small and medium-sized enterprises (SMEs). The Commercial Service program's mandate is to create an environment in which all U.S. firms, including SMEs, can flourish. In order to achieve this, the Commercial Service seeks to increase export opportunity awareness among U.S. companies by identifying potential exporters who need assistance, leveraging electronic and traditional media, centralizing relationships with customers, and developing alliances and partnerships to deliver export assistance. The Commercial Service operates a Trade Information Center that provides a single point of customer contact for all government export promotion programs; runs the Advocacy Center that supports U.S. companies bidding on major foreign contracts; and coordinates U.S. government export promotion and assistance programs through the Trade Promotion Coordinating Committee. ITA's unique global network of trade professionals located in over 250 offices, domestically and internationally, capitalizes on high export areas identified by trade patterns and facilitates aggressive outreach to traditionally under-served rural and minority communities.

The Commercial Service helps U.S. companies take advantage of world market conditions to find new buyers around the world. A growing list of free trade agreements provides price and market access benefits. ITA offers four ways to help U.S. firms grow international sales by 1) providing world-class market research, 2) organizing trade events that promote product or service to qualified overseas buyers, 3) arranging introduction to qualified buyers and distributors, and 4) offering counseling through every step of the export process.

ANNUAL MEASURES

Measure: Percentage of Advocacy Actions Completed Successfully

Explanation of Measure:

This performance measure captures information about the effectiveness of the Commercial Services' advocacy efforts by measuring the percentage of successful advocacy awards made to U.S. firms or interests during a fiscal year. ITA's Advocacy Center helps U.S. exporters win foreign government procurement contracts, and each contract creates and retains U.S. jobs over the life of each successful advocacy project. Many of these projects provide secondary suppliers with contracts. These suppliers are frequently SMEs. The Advocacy Center advances trade promotion and deal making to support three basic U.S. firm needs: (1) access to new markets, (2) entry to markets, and (3) expansion of export activities.

FY 2007 Target:

Based on historical data trends, the FY 2007 target will remain a 12% to 15% range.

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Measure: Dollar Value of Advocacy Cases Completed Successfully

Explanation of Measure:

This performance measure provides specific information about the effectiveness of the Commercial Service's Advocacy efforts by determining the associated dollar volume for ITA's success providing U.S. companies the same level of coordinated, strategic government support as their foreign competitors receive from their host governments in the procurement process for contracts. This performance measure indicates the specific dollar value of U.S. export content of advocacy cases completed successfully as evidenced by a contract award, signed contract or other significant export-related benefit.

FY 2007 Target:

This is a new ITA measure. Baseline data will begin to be collected in September 2006. The FY 2007 target will be adjusted accordingly once baseline and actual data are collected.

Measure: Number of New-to-Export Export Successes

Explanation of Measure:

The Commercial Service focuses on SMEs that are export-ready. Export-ready firms are those with competitive products or services and are firms that already possess a level of financial and managerial strength that should enable them to export. The Commercial Service will record and report on the number of U.S. firms exporting for the first time that transact an actual verifiable export sale, which includes: shipment of goods or delivery of services; signing of a legally binding agreement, including agent or distributor, representation, joint venture, strategic alliance, licensing, and franchising agreements; or signing of a contract with future sales expected for the first time. Additionally, the firm must not have exported in the last 24 months, have prior exports resulting from unsolicited orders, or have exports that were made through a U.S.-based intermediary.

FY 2007 Target:

The target is 700 to 850 export successes. This target reflects current U.S. export trends attributable to uncertainties associated with global conditions and exporting expectations.

Measure: Number of New-to-Market Export Successes

Explanation of Measure:

This performance measure helps to assess the Commercial Services' success assisting in U.S. exporters who have exported into a new overseas market. It measures the Commercial Services' effectiveness in promoting trade. The Commercial Service records and reports on the number of U.S. exporters entering new markets that transact actual verifiable export sales, which include: shipment of goods or delivery of services; signing of legally binding agreements, including agent or distributor, representation, joint venture, strategic alliance, licensing, and franchising agreements; and signing of contracts with future sales expected for the first time.

FY 2007 Target:

The target is 4,760 to 5,500 export successes. This target also reflects current U.S. export trends attributable to uncertainties associated with global conditions and exporting expectations.

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Measure: Number of Increase-to-Market Export Successes

Explanation of Measure:

The purpose of this measure is to gauge the success of ITA in helping U.S. suppliers expand their export transactions in markets where they have already sold U.S. products and services. The number of export sales or other significant export-related benefits achieved with the support of Commercial Service personnel or programs by a U.S. exporter in a foreign market to which it has actively exported during the immediately preceding 24-month period.

FY 2007 Target:

This is a new ITA measure. Baseline data will begin to be collected in September 2006. The FY 2007 target will be adjusted accordingly once baseline and actual data are collected.

Measure: Number of Export Transactions made as a Result of ITA Involvement

Explanation of Measure:

This performance measure captures information on the number of export transactions executed by U.S. firms that resulted directly from Commercial Services' counseling, matchmaking, research, information products, or other export promotion activities. An export transaction occurs when the Commercial Service: facilitates an actual verifiable export sale, a shipment of goods or delivery of services; helps a client identify and sign with an agent or distributor or sign a contract that ensures the expectation of future sales, where there is a direct link between the assistance provided and the resulting outcome; and helps a U.S. firm avoid harm or loss, for example, by helping it obtain payment or resolve some other kind of trade dispute.

FY 2007 Target:

The FY 2007 target range is 11,385 to 13,500 transactions. The range reflects the impact of budgetary rescissions and the expected impact of higher prices of products and services.

LONG TERM MEASURES

Measure: Number of New-to-Export Successes

Explanation of Measure:

This measure is similar to the annual New-to-Export export success measure stated above but is cumulative and is reported as a long-term measure. Similarly, the Commercial Service focuses on SMEs that are export-ready. Export-ready firms are those with competitive products or services and are firms that already possess a level of financial and managerial strength that should enable them to export. The Commercial Service will record and report on the number of U.S. firms exporting for the first time that transact an actual verifiable export sale, which includes: shipment of goods or delivery of services; signing of a legally binding agreement, including agent or distributor, representation, joint venture, strategic alliance, licensing, and franchising agreements; or signing of a contract with future sales expected for the first time. Additionally, the firm has not exported in the last 24 months, prior exports have resulted from unsolicited orders, or exports were made through a U.S.-based intermediary.

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FY 2007 Midpoint Target:

The FY 2006 target was set to meet a long-term goal of 4,400 U.S. firms to begin exporting over a period of six years (from 2001 to 2007) from a baseline of 400,000 SMEs that currently do not export. The FY 2007 midpoint target is 50% of the FY 2011 target. The FY 2011 target is 5,000 U.S. Firms.

Measure: Number of New-to-Market Successes

Explanation of Measure:

This measure is similar to the annual New-to-Market export success measure stated above but is cumulative and is reported as a long-term measure. Similarly, this performance measure helps to assess the Commercial Services' success bringing in U.S. exporters who have exported into a new overseas market. It measures the Commercial Services' effectiveness in promoting trade. The Commercial Service records and reports on the number of U.S. exporters entering new markets that transact actual verifiable export sales, which include: shipment of goods or delivery of services; signing of legally binding agreements, including agent or distributor, representation, joint venture, strategic alliance, licensing, and franchising agreements; and signing of contracts with future sales expected for the first time.

FY 2007 Midpoint Target:

The FY 2006 target predicts that the Commercial Service will help 31,600 total U.S. exporters entering a new market over a period of six years, 2001 through 2006. The FY 2007 Midpoint target is 50% of the FY 2011 target. The FY 2011 target is 35,000 exports.

Measure: Number of Increase-to-Market Export Successes

Explanation of Measure:

This measure is similar to the annual Increase-to-Market export success measure stated above but is cumulative and is reported as a long-term measure. Similarly, the purpose of this measure is to gauge the success of ITA in helping U.S. suppliers expand their export transactions in markets where they have already sold U.S. products and services. The number of export sales or other significant export-related benefits achieved with the support of Commercial Service personnel or programs by a U.S. exporter in a foreign market to which it has actively exported during the immediately preceding 24-month period.

FY 2007 Target:

This is a new ITA measure. Baseline data will begin to be collected in September 2006. The FY 2007 target will be adjusted accordingly once baseline and actual data are collected.

Measure: Number of Export Transactions made as a Result of ITA Involvement

Explanation of Measure:

This measure is similar to the Number of Export Transactions made as a Result of ITA Involvement measure stated above but is cumulative and is reported as a long-term measure. Similarly, this is a performance measure that captures information on the number of export transactions executed by U.S. firms that resulted directly from Commercial Services' counseling, matchmaking, research, information products, or other export promotion activities. An export transaction occurs when the Commercial Service: facilitates an actual verifiable export sale, a shipment of goods or delivery of services; helps a client identify and sign with an

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agent or distributor or sign a contract that ensures the expectation of future sales, where there is a direct link between the assistance provided and the resulting outcome; and helps a U.S. firm avoid harm or loss, for example, by helping it obtain payment or resolve some other kind of trade dispute.

FY 2007 Midpoint Target:

The FY 2006 target was set to meet a long-term goal of 71,500 export transactions made as a result of ITA involvement. The FY07 midpoint target is 50% of the FY 2011 target. The FY 2011 is 75,000 export transactions.

Measure: Percentage of Commercial Services Fee Funded Programs

Explanation of Measure: In FY 2003, ITA undertook a Program Assessment Rating Tool (PART) review of the Commercial Service. As a result of the review, ITA developed a long-term efficiency measure to capture information on the Commercial Services' fee funding progress. ITA has determined that by the end of 2006, 3% of the Commercial Service programs will be fee funded. ITA has undertaken an extensive effort to collect and supplement base program operations by revenues obtained from fees. ITA anticipates discontinuing this measure after FY 2006 to be replaced by more advanced efficiency and marginal cost measures.

Program Evaluations:

During this past year, both the Inspector General and independent auditors have reviewed and found discrepancies in collected and reported Commercial Service performance data. This issue has becoming increasingly critical because of the heightened emphasis that is being placed on performance results. Commercial Service and ITA's Chief Financial Officer have initiated actions to ensure effective performance-measure oversight through close coordination with ITA measure owners and through a program of independent verification and validation reviews.

In FY 2005, ITA's Planning and Performance Management Staff, in conjunction with ITA Program "Measure Owners," have conducted Independent Verification and Validation (IV&V) Reviews of selected performance measures. This included reviews in ITA's U.S. and Foreign Commercial Service (Commercial Service or CS) program including two Commercial Service U.S Export Assistance Centers in the domestic field (Rosslyn, VA and Chicago, IL), a detailed review of the Commercial Service' Export Transaction Measure completed in conjunction with DOC staff and a review of export successes at the Commercial Service overseas posts in Brussels. In the spirit of the President's Management Agenda, these reviews have enabled ITA to verify measure data that expresses progress toward achieving ITA strategic goals.

The IV&V reviews have addressed data collection and reporting issues, inconsistencies and accountability weaknesses identified in Inspector General Inspection reports completed for Chicago, Philadelphia, Turkey, India and the Pacific Northwest; and, follow through on ITA's resulting action plans. The IV&V review in IA addressed weaknesses regarding statutory deadlines. These IV&V reviews reinforce ITA's and the Department's credibility on planning and performance management and provide an opportunity for ITA to strengthen internal controls and to clarify and harmonize performance data reporting standards worldwide.

Cross-cutting Activities:

Intra-Department of Commerce

- Office of General Counsel-to work together on guidance for interpreting existing agreements, defining the rights of U.S. firms and workers under U.S. and international trade law, and in negotiations for proposed FTA's and for future bilateral or multilateral agreements.

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Other Government Agencies

- Small Business Administration, Export-Import Bank, state and local government agencies, and local Chambers of Commerce-to share clients and provide complementary counseling services.
- Department of Energy, Department of Transportation, and Department of Education-to provide industry expertise for ITA trade events.
- The Department of Defense and the U.S. Air Force provide industry expertise for ITA trade events involving aircraft sales (for example, the Paris Air Show).
- The Department of State's economic officers assist with market research projects in countries where the Commercial Service does not maintain staff.
- The Department of Labor works with ITA on worker training and employment.
- The Environmental Protection Agency works with ITA to lower burden of regulations on the U.S. industry.
- The Department of Agriculture provides grant assistance for Commercial Service export counseling in rural areas.
- The Bureau of Indian Affairs in the Department of the Interior- provides industry expertise for ITA tourism development efforts.
- The Trade Promotion Coordinating Committee coordinates the implementation of trade finance and trade promotion programs of the 19 TPCC-member agencies.

Government/Private Sector

District Export Councils (DECs) are councils of leaders from the local business community, appointed by the Secretary of Commerce, whose knowledge of international business provides a source of professional advice and support for local firms and the local ITA export assistance centers. Currently there are 57 DECs composed of more than 1,500 members. DEC members provide experienced professional advice and guidance to exporting firms.

External Factors and Mitigation Strategies:

ITA's success in achieving this goal is impacted by domestic and international economic conditions. Economic shocks in foreign markets, and exchange rate fluctuations, can affect U.S. exports and demand for U.S. products. The cooperation of other TPCC-member agencies affects the level of services provided to SMEs.

ITA has developed and is utilizing Internet web services to assist exporters. For example, Export.gov and BuyUSA.com are sites that enable SMEs to have low-cost access to online information on overseas markets. Web based export services available through the U.S. government serve as one approach as one approach to minimize external factors. ITA's commercial officers stationed in over 250 offices throughout the United States and overseas, provide key information to the U.S. business community on best prospects for U.S. exporters in various countries. Through domestic offices, ITA trade specialists work directly with U.S. businesses to tailor innovative solutions to their market and exporting needs. ITA partners with state commerce departments and economic development agencies to ensure that American exporters receive the best services and support that both federal agencies and states have to offer.

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Performance Goal 3: Identify and Resolve Unfair Trade Practices

Corresponding DOC Strategic Goal:

DOC Strategic Goal 1: Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers

DOC General Goal 1/Objective 1.2: Advance responsible economic growth and trade while protecting American security

Rationale for ITA Performance Goal 3:

U.S. industries are entitled to the benefits of trade agreements negotiated by the United States. They are also entitled to the aggressive investigation of unfair trade practices that undercut those agreements. Two program units in ITA, Import Administration (IA) and Market Access and Compliance (MAC), are committed to ensuring that the U.S. firms receive those benefits and obtain prompt relief from unfair trade practices.

Dumping and the provision of certain subsidies have been condemned by the international community as reflected in the General Agreement on Tariffs and Trade (GATT) and subsequently in the World Trade Organization (WTO) Agreement. IA's administration of the United States' Anti-Dumping/Countervailing Duty (AD/CVD) laws and its subsidy enforcement activities provide U.S. companies with appropriate remedies to address unfairly traded imports consistent with U.S. law and our international obligations. The agency's work at the WTO helps ensure that access to these needed remedies is not weakened or undermined. In addition, IA's assistance to U.S. exporters subject to foreign AD/CVD proceedings helps ensure that these companies receive fair treatment in proceedings that adhere to that country's obligations under the WTO. Further, the Steel Import Monitoring and Analysis (SIMA) system was designed to provide U.S. steel producers and users with important real-time market information in an area that has traditionally been subject to market disruptions and unfair trade in a manner consistent with the United States' WTO obligations regarding import licensing.

IA identifies and monitors import surges created by imports that are sold in the United States at less than fair market value, foreign governments subsidy practices, and other harmful import trends. It defends American industry against injurious trade practices by administering the antidumping (AD) and countervailing duty (CVD) laws of the United States. IA expedites investigations when warranted by import surges and foreign subsidy practices, defends unfair trade practices before the World Trade Organization, and coordinates the Department of Commerce's role in the Administration's steel strategy. IA's Unfair Trade Practices Team confronts unfair foreign competition by monitoring economic data from U.S. global competitors and vigorously investigates evidence of unfair subsidization and production distortions. IA's China Compliance office devotes more resources to China cases and issues unique to non-market economies, such as intellectual property rights violations affecting the U.S. textile industry.

Trade compliance with negotiated trade agreements and access to foreign markets are existing problems faced by U.S. businesses that choose to sell their products overseas. These problems require U.S. government support. The Market Access and Compliance program unit ensures market access for Americans, advances the rule of law internationally, and creates a fair, open, and predictable trading environment. In addition, the MAC program conducts critical trade policy analysis and negotiation support for the USTR and represents the Department in trade related dealings with other U.S. government agencies.

MAC uses a range of techniques to advocate on behalf of U.S. business and intervene with other governments to ensure foreign compliance with existing trade agreements and to eliminate trade barriers. Trade agreement compliance and foreign trade barriers have been a continuous problem for U.S. exporting firms, large and small. Many companies, especially small and medium sized firms, do not have the resources, knowledge or leverage to influence foreign governments,

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their laws and regulatory regimes. Based on customer need, MAC has a sizeable caseload each year from U.S. firms that have encountered a trade barrier. In FY 2005, MAC initiated 160 cases from U.S. industries and concluded 85.

Government to government representation is often required to influence and shape trade policies developed by foreign governments so the policies don't become impediments to U.S. access of their market. The MAC program addresses the specific existing problem of helping U.S. firms become more aware of their rights and benefits under all trade agreements (bilateral, regional or multilateral) signed by the United States, and to ensure that they encounter a level playing field when they enter a foreign market. MAC monitors or oversees the monitoring of over 250 trade agreements.

ANNUAL MEASURES

Measure: Percentage of AD/CVD proceedings completed within statutory deadlines

Explanation of Measure: The percentage of AD/CVD cases completed on time is a reflection of the vigilance of IA staff to complete its casework within the statutory timeframe. Domestic industry generates AD/CVD cases, and timeliness of case activity is a critical factor for delivering customer satisfaction. Timeliness of casework is also essential for upholding the integrity of the AD/CVD laws as a credible and fair legal mechanism to address unfair trade actions by foreign interests. The stated target reflects management's prioritization of adherence to statutory requirements. ITA must always complete these cases within the limits set forth in law.

Domestic products covered by these AD/CVD investigations and reviews are critical to U.S. industries. The timely completion of these cases may have a direct correlation with the ability of petitioning U.S. firms to remain viable when a firm may be subjected to unfair trading practices. Ensuring expedient completion of cases offers firms the best timeframe for determining if they are being injured by an unfair trading practice

FY 2007 Target:

The FY 2007 target of 100 % is based on the data maintained by IA. The planned target reflects the percentage of antidumping/countervailing duty cases to be completed by the unit.

Measure: Number of Market Access and Compliance Cases Initiated

Explanation of Measure: ITA faces new demands as the international trade environment changes from year to year: new barriers are erected, the role of international organizations and alliances change and other foreign regulatory measures are implemented that impact U.S. exports. This performance measure assesses the extent of ITA's efforts to monitor trade agreements, identify and initiate market access and compliance cases on behalf of U.S. businesses, and work to their resolution. Market access cases arise from complaints received by ITA from U.S. companies experiencing overseas barriers to U.S. exports, which are not covered by trade agreements. Compliance cases rise from complaints received by ITA from U.S. companies regarding failures by foreign governments to implement trade agreements negotiated by the U.S. and through monitoring efforts by ITA compliance officers.

FY 2007 Target:

The FY 2007 target of 150 to 160 cases is based on the actual number of cases initiated during FY 2005.

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Measure: Number of Market Access and Compliance Cases Concluded

Explanation of Measure: This performance measure addresses ITA's efforts in obtaining market access for U.S. exporters and achieve foreign government compliance with trade agreements. The number of market access and compliance cases concluded is based on a number of cases processed by ITA where no further action by ITA is warranted—the case is successfully resolved; the complaint was groundless, i.e., no violation; industry decides not to pursue the complaint; the case is referred to USTR for consideration for formal dispute settlement resolution; or the problem cannot be resolved despite ITA efforts. Market access cases arise from complaints received by ITA from U.S. companies experiencing overseas barriers to U.S. exports that are not covered by trade agreements. Compliance cases arise from complaints received by ITA from U.S. companies regarding failures by foreign governments to implement specific terms in trade agreements negotiated by the U.S. and through monitoring efforts by ITA compliance officers.

FY 2007 Target:

The FY 2007 target of 80 to 90 cases concluded is based on the actual number of cases concluded during FY 2005.

Measure: Percentage of Market Access and Compliance Cases Initiated on Behalf of Small and Medium-Sized Businesses

Explanation of Measure: The purpose of this measure is to gauge the number of SMEs (500 or fewer employees) experiencing problems with trade barriers that are served by ITA in a given year. This measure also determines the number of SMEs affected by trade barriers vs. the total number of cases initiated in a given fiscal year. The total number of market access and compliance cases initiated in a given fiscal year where the complainant is a small or medium sized business .

FY 2007 Target:

This is a new ITA measure. Baseline data will begin to be collected in September 2006. The FY 2007 target will be adjusted accordingly once baseline and actual data are collected.

Measure: Percentage of Market Access and Compliance Cases Resolved Successfully (reduction or elimination of the market barrier)

Explanation of Measure: This measure is a subset of the total number of market access and compliance cases resolved. The team working on the case in collaboration with the company/industry that initiated the case determines a success. Examples of successes include; prompting a country to remove or suspend a trade barrier, ensure that U.S. concerns are incorporated into a trade agreement or foreign regulation, prompt foreign government to adopt an internationally recognized standard or legal statute that either encourages fair trade or prevents restrictive trade barriers.

FY 2007 Target:

This is a new ITA measure. Baseline data will begin to be collected in September 2006. The FY 2007 target will be adjusted accordingly once baseline and actual data are collected.

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LONG TERM MEASURES

Measure: Percentage of AD/CVD proceedings completed within statutory deadlines

Explanation of Measure: This measure is similar to the annual measure but is reported as a long-term measure. Similarly, the percentage of AD/CVD cases completed on time is a reflection of the vigilance of IA staff to complete its casework within the statutory timeframe. Domestic industry generates AD/CVD cases, and timeliness of case activity is a critical factor for delivering customer satisfaction. Timeliness of casework is also essential for upholding the integrity of the AD/CVD laws as a credible and fair legal mechanism to address unfair trade actions by foreign interests. The stated target reflects management's prioritization of adherence to statutory requirements. ITA must always complete these cases within the limits set forth in law.

Domestic products covered by these AD/CVD investigations and reviews are critical to U.S. industries. The timely completion of these cases may have a direct correlation with the ability of petitioning U.S. firms to remain viable when a firm may be subjected to unfair trading practices. Ensuring expedient completion of cases offers firms the best timeframe for determining if they are being injured by an unfair trading practice.

FY 2007 Target:

The FY 2007 target of 100 percent is based on the data maintained by IA. The planned target reflects the percentage of antidumping/countervailing duty cases to be completed by the unit.

Measure: Percentage of Market Access and Compliance Cases Initiated on Behalf of Small and Medium-Sized Businesses

Explanation of Measure: This measure is similar to the annual measure but is reported as a long-term measure. Similarly, the purpose of this measure is to gauge the number of SMEs experiencing problems with trade barriers that are served by ITA in a given year. This measure also determines the number of SMEs affected by trade barriers vs. the total number of cases initiated in a given fiscal year. The total number of market access and compliance cases initiated in a given fiscal year where the complainant is a small or medium sized business (500 or fewer employees).

FY2007 Mid-point Annual Target:

This is a new ITA measure. Baseline data will begin to be collected in September 2006. The FY 2007 target will be adjusted accordingly once baseline data is collected.

Measure: Percentage of Market Access and Compliance Cases Resolved Successfully (reduction or elimination of the market barrier)

Explanation of Measure: This measure is similar to the annual measure but is reported as a long-term measure. Similarly, this measure is a subset of the total number of market access and compliance cases resolved. The team working on the case in collaboration with the company/industry that initiated the case determines a success. Examples of successes include; prompting a country to remove or suspend a trade barrier, ensure that U.S. concerns are incorporated into a trade agreement or foreign regulation, prompt foreign government to adopt an internationally recognized standard or legal statute that either encourages fair trade or prevents restrictive trade barriers. The purpose of this measure is to gauge the effectiveness of the organization's efforts to successfully remove foreign trade barriers (or prevent their implementation) on behalf of U.S. industry.

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FY 2007 Midpoint Target:

This is a new ITA measure. Baseline data will begin to be collected in September 2006. The FY 2007 target will be adjusted accordingly once baseline and actual data are collected.

Program Evaluations:

Import Administration - Within the past five years, IA has been referenced in several independent cross-agency GAO studies on monitoring and enforcement and the Commerce Department's Inspector General (IG) has completed one IA-specific survey on statutory deadlines and reviews. The IG study included specific recommendations. In addition, IA participated in an ITA-wide customer survey to assess IA's effectiveness and to continuously improve its programs .

IA also conducts internal reviews to enhance the performance of its programs with respect to customer service, development of expertise, use of effective information management and timeliness. For example, IA is in the process of enhancing its information management and analytical methods by working with CBP on the International Trade Data System (ITDS), which will enable IA to expand its capacity to perform analysis and aid in the issuance of AD/CVD instructions to the Customs Border Patrol. Additionally, IA has published Federal Register notices requesting public comments on unfair trade practices, the steel import licensing system and on the non-market economy methodologies applied by IA to ensure agency responsiveness to public concerns and to provide for transparency of IA's activities.

The IG recommended that IA focus on management control processes, procedures, training needs, and technology enhancements. IA is in the process of implementing the IG January 2005 findings by upgrading internal management tools used to manage reviews. In addition, IA intends to issue a public clarification of its longstanding practice that a statutory deadline for both AD and CVD administrative reviews that falls on a weekend or legal holiday will be issued on the following business day. Lastly, in 2004, IA and the Office of the Chief Information Officer (OCIO) procured a software system to address their collective document management and web content management needs.

IA conducted a customer satisfaction survey in the spring of 2003. The survey evaluated the overall program success and the portfolio of IA's services by:

1. Benchmarking ITA and IA against other federal regulatory government agencies;
2. Identifying "quality of service" concerns;
3. Showing which aspects of service have the greatest effect on satisfaction; and
4. Identifying recommended adjustments.

ITA hired an external contractor, the CFI Group to use their patented methodology to conduct the survey to ensure the integrity of the analysis and the anonymity of the customer responses. Based on the survey findings, IA improved its web-based services to meet customers' expectations by making them aware of the particular information IA is able to provide in a timely and open manner. A second customer survey will be completed by the spring of 2006 and those results will be used to improve customer satisfaction.

Market Access and Compliance - Within the past five years, MAC has participated in five cross-agency GAO studies on monitoring and enforcement and one MAC-specific IG report on the Trade Compliance Center. In addition, MAC participated in an ITA-wide customer survey to assess customer satisfaction with MAC's products and services. These studies highlighted MAC's strengths and identified areas for development, such as increased compliance coordination throughout ITA and across trade agencies and the development of an action plan to improve case tracking. To date, MAC has addressed all recommendations.

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MAC also participated in an ITA-wide customer satisfaction survey in the spring of 2003 and is utilizing the results to enhance program operations. A second customer survey will be completed by the spring of 2006 and those results will be used to improve customer satisfaction.

Program Assessment Rating Tool Reviews – During FY 2005 and in the first quarter of FY 2006, ITA worked closely with OMB to complete Program Assessment Rating Tool (PART) reviews of both the IA and MAC programs. Results from these PART reviews have assisted both programs to gauge their strategic planning efforts and to improve their performance metrics.

The MAC program used the PART review to spur the development of improved outcome oriented measures. The IA PART review identified the need for IA to develop impact and result measures, both long-term and annual, for its AD/CVD program. These IA annual and long-term measures will be developed during FY 2006 and should be in place for initial rollout and implementation during FY 2007. Measures under the AD/CVD program must be developed carefully since the program must operate within the confines of the AD/CVD regulations, the enabling law and under the terms of the WTO subsidy agreement framework.

In FY 2005, ITA's Planning and Performance Management Staff, in conjunction with ITA Program "Measure Owners," have conducted Independent Verification and Validation (IV&V) Reviews of selected performance measures. This includes reviews in ITA's MAC and IA programs. . In the spirit of the President's Management Agenda, these reviews have enabled ITA to verify measure data that expresses progress toward achieving ITA strategic goals.

Crosscutting Activities:

Intra-Department of Commerce

- Office of General Counsel--to work together on guidance for interpreting existing agreements.

Other Government Agencies

- United States and Trade Representative - ITA works with the USTR to develop strategies for solving market access disputes and in major trade negotiations.
- International Trade Commission - ITA conducts AD/CVD investigations and the International Trade Commission concurrently conducts the industry injury investigations. If both ITA's and the International Trade Commission's investigations result in affirmative determination, then ITA issues an AD/CVD order to the U.S. Customs Service, which results in a tariff rate adjustment.
- U.S. Customs and Border Protection (CBP) - because the AD/CVD law requires collection of offsetting duties at the time merchandise enters the country, ITA communicates regularly with the CBP to ensure the prompt and accurate implementation of ITA's decisions. The CBP then collects cash deposits and final duty assessments. ITA responds to inquiries from the CBP headquarters and port offices regarding the scope and potential evasion of AD/CVD orders, as well as other enforcement concerns.
- Treasury Department - to monitor subsidy-related commitments contained in the International Monetary Fund's stabilization packages.
- Department of State - in AD/CVD proceedings, ITA verifies information provided by foreign governments and companies in those countries. ITA works closely with the Department of State to obtain country clearances, arrange meetings, make necessary trip arrangements, and obtain pertinent information on subsidy enforcement issues. ITA works on a daily basis with U.S. embassies abroad and State Department economic officers.
- Department of Justice - ITA, in conjunction with the Office of General Counsel, works with the Department of Justice's attorneys on pending AD/CVD litigation before the Court of International Trade and the Court of Appeals for the Federal Circuit.

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Government/Private Sector

ITA works with U.S. small and medium-sized firms and state or local governments wherever possible in order to enable U.S. companies to take full advantage of export opportunities.

External Factors and Mitigation Strategies:

Economic or currency upheavals in foreign markets can adversely affect demand for U.S. exports; changes in trade policy by foreign nations; expansion of markets just starting to open, such as that of China; and technological advances and large-scale, unexpected capital movement. ITA staff has identified and will continue to identify these changes and adopt policies that ensure fair treatment for U.S. firms and workers in overseas markets.

ITA will address the impact of other nations' trade policies. Specifically, ITA will expand our analytical infrastructure to support timely and accurate assessments of the impact on U.S. industries of the growth of regional trade pacts and the impact of major competitors exporting their discriminatory technical regulations to third markets in the developing world. ITA will develop strategies to support bilateral and multilateral trade negotiations that prevent the adoption of discriminatory international standards and regulations against U.S. products. ITA will also work closely with foreign governments and regulatory officials in the developing world to devise strategies to address regulatory barriers, head off potentially harmful regulations, and help shape good regulations and standards.

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Data Validation and Verification

ITA is using PBViews®, a network-based performance management data reporting system utilizing software to fully integrate the performance management approach into ITA's day-to-day operations and annual planning cycle. Every performance measure has a designated measure owner who gathers data and validates collected information; maintains individual measure documentation; leads cross-organizational coordination of data collection; performs quality control, including error checking and elimination of duplicates; and acts as program unit point of contact. Individual program unit managers are held accountable for the quality of the data that their staff collects and the timeliness with which the data is input into the performance management system, PBViews®. Every quarter, the ITA Strategic Planning Leadership Team composed of senior ITA line managers reviews the reports published on PBViews® for data integrity and accomplishments, and recommends corrective actions as necessary. This peer review approach also serves as a validation process of whether data are appropriate for the performance measures.

PERFORMANCE MEASURE	DATA SOURCE	FREQUENCY	DATA STORAGE	INTERNAL CONTROL PROCEDURES	DATA LIMITATIONS
Number of in-depth U.S. industry analyses completed to quantify the effects of policy proposals against structural cost benchmarks	Data Base To Be Established	Annual	PBViews®	ITA staff will perform analysis to verify results and data sources	New Measure
Percent of total competitiveness impediments identified by industry and other stakeholders where ITA takes appropriate action	U.S Industry	Annual	PBViews®	ITA staff will perform analysis to verify results and data sources	New Measure
Number of analyses and reports developed to improve U.S. trade compliance and market access activities/developments, for example; Miscellaneous Tariff Bill, retaliations, and Generalized System of Preferences (GSP) assessments	U.S Industry & Stakeholders	Annual	PBViews®	ITA staff will perform analysis to verify results and data sources	New Measure
Percent of milestones completed in sector specific bilateral and multilateral dialogues and negotiations for trade agreements	Data Base To Be Established	Annual	PBViews®	ITA staff will perform analysis to verify results and data sources	New Measure

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PERFORMANCE MEASURE	DATA SOURCE	FREQUENCY	DATA STORAGE	INTERNAL CONTROL PROCEDURES	DATA LIMITATIONS
Customer perception of ease of access to export and trade information and data	ITA customers (U.S. exporters)	Broad survey conducted every two years. However, ITA is currently considering an approach to increase results frequency.	PBViews®	ITA staff will perform analysis to verify statistical results of survey data.	Limitations exist in the level of response to survey.
Number of competitiveness analyses to be completed	U.S. Industry & Stakeholders	Every 5 years (Long-term Measure)	PBViews®	ITA staff will perform analysis to verify results and data sources	New Measure
Percentage of advocacy actions completed successfully	U.S. companies that benefit from U.S. government advocacy	Annually	PBViews®	The Advocacy Center conducts annual verifications with customers to confirm the dollar value of exports generated through the support of U.S. government effort.	In some cases a host government overturns awards, and the winning U.S. company then loses the project. Quality of data is dependent on client's willingness to provide the data. Some clients elect not to provide information to ITA due to business proprietary concerns. U.S. embassies in some instances do not report all advocacy projects they have worked on in a given fiscal year.

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PERFORMANCE MEASURE	DATA SOURCE	FREQUENCY	DATA STORAGE	INTERNAL CONTROL PROCEDURES	DATA LIMITATIONS
Dollar value of U.S. content in successful advocacy cases	Information is reported from the Trade Advocacy Center's database and verified with U.S. firms on annual basis.	Annually	PBViews®	The Advocacy Center conducts annual verifications with customers to confirm the dollar value of exports generated through the support of U.S. government effort.	In some cases a host government overturns awards, and the winning U.S. company then loses the project. Quality of data is dependent on client's willingness to provide the data. Some clients elect not to provide information to ITA due to business proprietary concerns. U.S. embassies in some instances do not report all advocacy projects they have worked on in a given fiscal year.
Number of new-to-export export successes	U.S. firms	Quarterly	Client Management System and PBViews®	ITA performs quality control, including error checking and elimination of duplicates, and verifies results through peer review of verifiable documentation.	Data reported is wholly dependent on a client's willingness to provide such information and underreporting is likely.
Number of increase-to-market export successes	U.S. firms	Quarterly	Client Management System	ITA performs quality control, including error checking and elimination of duplicates, and verifies results through peer review of verifiable documentation.	Data reported is wholly dependent on a client's willingness to provide such information and underreporting is likely.
Number of new-to-market export success	U.S. exporters	Quarterly	Client Management System and PB Views	ITA performs quality control, including error checking and elimination of duplicates, and verifies results through peer review of verifiable documentation.	Data reported is wholly dependent on a client's willingness to provide such information and underreporting is likely.

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PERFORMANCE MEASURE	DATA SOURCE	FREQUENCY	DATA STORAGE	INTERNAL CONTROL PROCEDURES	DATA LIMITATIONS
Number of export transactions made as a result of ITA Involvement	U.S. exporters	Quarterly	Client Management System and PBViews®	ITA performs quality control, including error checking and elimination of duplicates, and verifies results through peer review of verifiable documentation.	Data reported is wholly dependent on a client's willingness to provide such information and underreporting is likely.
Percentage of Commercial Service fee funded programs	ITA accounting system	Annually	ITA accounting system	Quarterly controls conducted by Department of Commerce	Financial coding errors
Number of new-to-export successes	U.S. exporters	Every 5 years (Long-term Measure)	Client Management System and PBViews®	ITA performs quality control, including error checking and elimination of duplicates, and verifies results through peer review of verifiable documentation.	Data reported is wholly dependent on a client's willingness to provide such information and underreporting is likely.
Number of new-to-market export successes	U.S. firms	Every 5 years (Long-term Measure)	Client Management System and PBViews®	ITA performs quality control, including error checking and elimination of duplicates, and verifies results through peer review of verifiable documentation.	Data reported is wholly dependent on a client's willingness to provide such information and underreporting is likely.
Number of export transactions made as a result of ITA involvement	U.S. exporters	Every 5 years (Long-term Measure)	Client Management System and PBViews®	ITA performs quality control, including error checking and elimination of duplicates, and verifies results through peer review of verifiable documentation.	Data reported is wholly dependent on a client's willingness to provide such information and underreporting is likely.
Number of increase-to-market export successes	U.S. exporters	Every 5 years (Long-term Measure)	Client Management System and PBViews®	ITA performs quality control, including error checking and elimination of duplicates, and verifies results through peer review of verifiable documentation.	Data reported is wholly dependent on a client's willingness to provide such information and underreporting is likely.

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PERFORMANCE MEASURE	DATA SOURCE	FREQUENCY	DATA STORAGE	INTERNAL CONTROL PROCEDURES	DATA LIMITATIONS
Percentage of Commercial Service fee funded programs	ITA accounting system	Every 5 years (Long-term Measure)	ITA accounting system	Quarterly controls conducted by DOC and are reported to OMB	None.
Percentage of AD/CVD proceedings completed within statutory deadlines	IA cases completed in accordance with the statutory deadline	Quarterly	Data from the AD/CVD Case Management System is stored in the PBViews®.	Each case is supported by final determinations, including Federal Register notices.	None
Number of Market Access and Compliance cases initiated	Petitions from U.S. firms encountering trade barriers and compliance by foreign governments with U.S. negotiated international trade agreements	Quarterly	Data from the ITA compliance activity database maintained by the Trade Compliance Center (TCC) is stored in the PBViews®.	MAC ensures system integrity and performs quality control, including error checking, elimination of duplicate cases reported, and, through peer review, verification of documentation.	A number of factors, including U.S. business cooperation, global trade trends, political developments, and the extent to which foreign governments create barriers or act inconsistently with trade obligations (an exogenous factor) will impact the actual numbers.

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PERFORMANCE MEASURE	DATA SOURCE	FREQUENCY	DATA STORAGE	INTERNAL CONTROL PROCEDURES	DATA LIMITATIONS
Number of Market Access and compliance cases concluded	ITA Compliance and Market Access Management System database, which contains data on U.S. firms encountering foreign trade barriers	Quarterly	Data from the ITA Compliance and Market Access Case Management System is stored in the PBViews® database.	Records support each case and many of the cases have been highlighted in the Commerce Secretary's Monthly Compliance Case Report. MAC ensures the integrity of the ITA-wide Compliance and Market Access Case Management System. The Compliance and Market Access Case Management System is updated daily. Performance data is monitored and certified internally.	Number of cases "concluded" depends on the accurate tracking of case assignment and case disposal.
PERFORMANCE MEASURE	DATA SOURCE	FREQUENCY	DATA STORAGE	INTERNAL CONTROL PROCEDURES	DATA LIMITATIONS
Percentage of market access and compliance cases initiated on behalf of small and medium-sized businesses	ITA Compliance and Market Access Management System database	Quarterly	PBViews®	Information reported by companies can be checked against public records to verify that the business is a SME.	Relies on accurate reporting by the firm. Caseload is largely driven by private sector complaints and government monitoring efforts. A number of factors, including U.S. business cooperation, global trade trends, political developments, and the extent to which foreign governments are creating barriers to trade.

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PERFORMANCE MEASURE	DATA SOURCE	FREQUENCY	DATA STORAGE	INTERNAL CONTROL PROCEDURES	DATA LIMITATIONS
Percentage of market access and compliance case resolved successfully (reduction or elimination of the market barriers)	ITA Compliance and Market Access Management System database	Every 5 years (Long-term Measure)	PBViews®	Each month, MAC office managers review case data relevant to their areas in the MAC database.	ITA cannot control the outcome of the measure. In most cases, ITA must persuade a sovereign foreign government to change or remove a law or regulatory standard in order to declare a case a success.
Percentage of AD/CVD cases completed on time	ITA Compliance and Market Access Management System database	Every 5 years (Long-term Measure)	Data from the AD/CVD Case Management System is stored in the PBViews®.	Each case is supported by final determinations including Federal Register notices.	None
Percentage of market access and compliance cases initiated on behalf of small and medium-sized businesses	ITA Compliance and Market Access Management System database	Every 5 years (Long-term Measure)	PBViews®	Information reported by companies can be checked against public records to verify that the business is a SME.	Relies on accurate reporting by the firm. Caseload is largely driven by private sector complaints and government monitoring efforts. A number of factors, including U.S. business cooperation, global trade trends, political developments, and the extent to which foreign governments are creating barriers to trade.
Percentage of market access and compliance cases resolved successfully (reduction or elimination of the market barriers)	ITA Compliance and Market Access Management System database	Every 5 years (Long-term Measure)	PBViews®	Each month, MAC office managers review case data relevant to their areas in the MAC database.	ITA cannot control the outcome of the measure. In most cases, ITA must persuade a sovereign foreign government to change or remove a law or regulatory standard in order to declare a case a success.

FY 2007 Annual Performance Plan

MBDA's Mission and Goal

MBDA's mission is to achieve entrepreneurial parity for Minority Business Enterprises by actively promoting their ability to grow and to compete in the global economy. MBDA's goal is to **"Increase Access to the Marketplace and Financing for Minority-Owned Businesses"**. MBDA was established to address the special demands and barriers experienced by minority-owned firms and entrepreneurs for the purpose of gaining full access and participation in the free enterprise system. MBDA will continue to open doors to access financial capital and procurement contracts that will allow MBEs to grow, increase MBE gross receipts, create job opportunities within the minority community, and utilize strategic partnerships to leverage resources.

Priorities/Management Challenges

In FY 2007, MBDA will continue to adopt entrepreneurial strategies to attract professional new employees; use technology to improve efficiency and disseminate information; build new public-private partnerships; and create a work environment that stimulates innovation and allows flexibility. MBDA funded projects, however, continue to face increased costs and staff turnover. The biggest challenge will be to sustain MBDA's programs and continue to support the fastest growing segment of the American population, the minority community. MBDA plans to continue entrepreneurial strategies to attract new professional employees; improve technology tools available to Portal registrants; and create a knowledge management center to respond to information requests and to disseminate relevant information on minority business development. The Agency will also seek to establish new National and Regional partnerships that will support performance outcomes.

In FY 2007, MBDA will be funding a revised MBEC/NABEC program. The revised program will require the grantees to focus on servicing Strategic Growth clients, increasing MBE access to corporate supply chains, and obtaining transaction dollars for MBE clients in contracts and financings.

MBDA will also continue to work with the Amos Tuck School of Business at Dartmouth College to train new project staff and to maintain the high quality of MBDA service providers.

Currently, over 50% of MBDA staff is now eligible to retire. This will require training of new agency hires and an increased focus on succession planning. The biggest challenge will be to sustain MBDA's programs while continuing to support the fastest growing segment of the American population, the minority community. MBDA is committed to the President's vision of an ownership society and will continue to assist the minority business community in support of that vision.

Unit Cost Measures

MBDA funds approximately 35 Business Enterprise Centers (BECs) nationwide and the following annual performance data is associated with each center and is based on an average grant amount of \$250,000.

- Approximately 100 clients per year
- On average, \$10.7 million in financial awards obtained for clients- loans, lines of credit, bonding
- On average, \$25 million in contract awards obtained for clients
- On average, 68 new job opportunities created
- On average, \$225,000 in new gross receipts for clients

Each center contributes to MBDA's overall annual program performance and therefore plays an integral part in the agency achieving its goals and mission. A program funding reduction or increase would therefore affect MBDA's performance outcomes significantly. When all BEC programmatic costs are taken in account an incremental funding level of \$0.5 million is useful in determining programmatic performance impacts associated with changes in funding levels.

PART Assessment

In line with funding from the PART, MBDA redefined its performance measures to directly tie to its long term goal of entrepreneurial parity for minority business enterprises as it relates to increases in employment, gross receipts and customer satisfaction measures for minority businesses. MBDA also revised its strategic plan to more clearly identify the agency's clientele as defined by the Strategic Growth Policy. Staff and funded projects currently have a Verification Policy of 100% for all contracts and financials over \$250,000 (all other transactions are subject to random sampling for verification) that is in effect and monitored by the Office of Performance and Program Evaluation. In addition, both the MBEC and MBOC programs have been restructured to support the Strategic Growth Policy.

FY 2007 Program Changes

In FY 2007, MBDA will maintain its focus on achieving entrepreneurial parity for the minority business community and continue to concentrate on producing more innovative ways to empower minority business enterprises. The agency will leverage its resources to provide high quality, narrowly focused business development services for minority business enterprises resulting in positive economic impacts. While businesses of all size categories are important, the national minority business community needs to focus on becoming "growth firms" that can compete in an era of contract bundling and strategic partnering. MBDA will focus on these firms to achieve its goal of entrepreneurial parity.

Target and Performance Summary

Performance Goal: To increase access to the marketplace and financing for minority-owned businesses.	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Target	FY 2007 Target
Dollar Value of Contract Awards Obtained	\$1.3B	\$.7B	\$.95B	\$1.07B	\$850M	\$850M
Dollar Value of Financial Awards Obtained	\$.4B	\$.4B	\$.6B	\$566.7M	\$450M	\$450M
Number of New Job Opportunities	New	New	New	2,270	1,800	1,800
Number of National Regional Partnerships	6	8	231	231	200	200
Percent Increase in Client Gross Receipts	New	New	New	30%	5%	5%
Percent Increase in Customer Satisfaction Index	New	New	New	13%	Not -Applicable	5%

Resource Requirements Summary

	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Estimate	FY 2007 Base	Increase/ Decrease	FY 2007 Request
Total Funding	28.3	29.0	29.1	29.7	29.9	29.9	0	29.9
Direct	28.2	28.9	28.5	29.5	29.6	29.6	0	29.6
Reimbursable	0.1	0.1	0.6	0.2	0.3	0.3	0	0.3
IT Funding	2.0	2.0	1.5	2.0	2.0	2.0	0	2.0
FTE	92	92	92	96	115	115	0	115

Minority Business Development Agency Performance Goal: To Increase Access to the Marketplace and Financing for Minority-Owned Businesses.

Department of Commerce Strategic Goal: Provide the Information and Tools to Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers and Consumers.

Department of Commerce Objective: Enhance Economic Growth for All Americans By Developing Partnerships With Private Sector and Non-Government Organizations.

Rationale:

MBDA benchmarks its success by utilizing the entrepreneurial parity methodology. Parity is defined as reaching proportionality between the minority population and the percentage share of business development measures such as number of firms, gross receipts, and employment. This methodology records the progress made by minority business enterprises in achieving parity. Practical measures of business success include the dollar value of contracts and financial transactions awarded to minority business enterprises as a result of MBDA activities as well as job created and gross receipts. These performance measures are indicators of a minority business enterprise's ability to grow, create jobs, and increase gross receipts, thereby achieving entrepreneurial parity.

Explanation of Each Performance Measure

Dollar Value of contracts awards obtained

The dollar value of contracts awarded to minority business enterprises is an indicator that will measure MBDA's impact on the Nation's economy. This measure represents the cumulative dollar value of approved and verified contract awards obtained for clients served by MBDA funded projects, agency staff, and on-line tools.

FY 2007 Target

The target for dollars in contract awards obtained in FY 2007 will continue at the same level as the FY 2006 target.

Dollar value of financial awards obtained

This represents the cumulative dollar value of approved and verified financial packages for clients served by MBDA funded projects, agency staff and on-line tools.

FY 2007 Target

In FY 2007 MBDA projects that the dollar value of financial awards will be maintained at the same level as the FY 2006 target.

Number of National and Regional Partnerships

Strategic partnerships play an important role in the leveraging of resource for clients. MBDA will maintain the number, growth and impact on performance resulting from National and Regional Partnerships established by the agency and funded network.

FY 2007 Target

The FY 2007 target will continue at the same level as the FY 2006 target.

Number of new job opportunities created

The growth in the number of employees within MBE firms assisted is a lead entrepreneurial parity component that will reflect on MBDA's impact and success. This measure focuses specifically on the number of jobs created as a result of services provided by MBDA's funded projects and staff.

FY 2007 Target

The target for FY 2007 is a projection maintained at the same level as the FY 2006 target.

Percent increase in Client Gross receipts

MBDA continues to measure the average increase in MBE gross receipts to determine the impact on this entrepreneurial parity component. This measure will focus specifically on the increase to minority business enterprise gross receipts as a result of services provided by MBDA's funded projects and staff.

FY 2007 Target

A 5% increase in client gross receipts is projected to be maintained as the FY 2006 target. The new MBEC/NABEC program funded in FY 2007 will represent several new funded projects with new SGI clients that they will attempt to grow and develop. The previous program will have expired in FY 2006 with clients that had grown over a three year cycle. The performance result from that cycle was the significant performance outcome of a 30% increase in gross receipts realized in FY 2005. MBDA and its new grantees or projects will begin a new cycle in FY 2007 as new minority, high-growth potential firms are developed into SGI companies. This

effort will require two to three years to reach a new performance target level comparable to that realized in FY 2005. Adjustments to performance targets may be made as progress is monitored during the coming fiscal years

Percent increase in Customer Satisfaction Index

MBDA has worked with the Federal Consulting Group and the University of Michigan to establish a baseline for the American Customer Satisfaction Index using an established model to survey MBDA's programs and customer relations. MBDA expects to improve this index and complete additional surveys in odd years.

FY 2007 Target

The Survey will be taken again in FY 2007. A 5% projection will be maintained.

Program Evaluations and Efficiency Measures

MBDA will continue to review each performance measure and complete program evaluations as needed to improve program operations and performance results. MBDA plans to seek actions to decrease the costs delivering services while maintaining performance. Improvements are planned in program monitoring, grant packaging, staff brokering services reporting systems, training, advocacy and marketing. The Office of Performance and Program Evaluation will continue to lead our evaluation team so that future program grant solicitations can be improved to better serve our clientele.

Discontinued Measure(s)

Total Number of all Clients Receiving Services – Due to the diverse type of services provided, tracking the number of clients serviced by staff, centers and the MBDA Portal is not indicative of standardized service and performance outcomes. Therefore, the measure has been discontinued.

Cross-cutting Activities:

Intra-Department of Commerce:

MBDA continues to engage in cooperative efforts with several Departmental organizations. MBDA will utilize the resources offered by the Department of Commerce to maintain effective operations and by taking the following actions:

- Acquire best practices concerning financial processes in cooperation with the National Institute of Standards and Technology (NIST).
- Participate in the development of an automated procurement and contracting system with the National Oceanic and Atmospheric Administration (NOAA).
- Continue our partnership with ITA to identify qualified minority vendor firms that can participate in trade missions to obtain global business opportunities and receive information and technical assistance from ITA export assistance centers.
- Include minority business enterprise in new and emerging technology and innovation programs offered by NOAA and NIST ventures such as manufacturing extension partnership centers and aquaculture business.
- Work with the Census Bureau to maintain current data and demographic information that can be used for marketing research.

Other Government Agencies:

MBDA will reach out to other Federal agencies, such as:

- The Office of Personnel Management to stay current with the latest and most effective programs for enhancing human capital.
- The U.S. Department of Agriculture and the U.S. Department of Treasury to provide information regarding the latest and best training programs for budget, debt management, and finance.
- Export-Import Bank to include minority business in trade initiatives that provide access to export financing and global markets.
- Offices of Small and Disadvantaged Business Utilization (OSDBUs) to work closely with agency representatives to identify contracts and government programs that can service minority business and to respond to MBDA's requests to participate in trade fairs and procurement conferences.
- United States Agency for International Development (USAID) to educate the minority business and the African business communities on two-way trade between MBEs and sub-Saharan African businesses.
- MBDA has always had a working relationship with the Small Business Administration (SBA) to support the needs of local communities in promoting business ownership. MBDA and SBA cosponsor the Annual Minority Enterprise Development (MED) Week conference.

Government/ Private Sector Partnerships:

Private sector corporations contribute sponsorships to finance local and national conferences to benefit minority businesses such as the annual Minority Business Development Week (MED Week) conference. Likewise, other local governments and communities assist with MBDA events to promote procurement opportunities, social capital/networking and organizational alliances. These stakeholders also:

- Participate in local workshops and training seminars on issues of importance to the minority business community.
- Distribute information about business opportunities.
- Sponsor booths to exhibit products and services at trade fairs.
- Receive Congressional and Presidential recognition for significant achievements.

External Factors and Mitigation Strategies

In FY 2007, a significant portion of MBDA's workforce will be eligible for retirement. This could lead to a significant exodus of skills and institutional knowledge. MBDA will respond to this potential situation by engaging in an extensive training and recruitment program focusing in the areas of needed expertise. MBDA, as a business program, must respond to economic downturns and still provide needed services. The continued use of strategic partnerships with public and private sector organizations will help to leverage MBDA's limited resources.

Business-to-business and business-to-world-market economies require updated E-commerce technologies in order to partner with larger firms. There are other practices that often deny minority firms access to the marketplace. MBDA is addressing this need in its market-focused information technology programs and internet portal that offers electronic solutions and assistance.

MBDA has traditionally relied on the Survey of Minority-Owned Business Enterprise (SMOBE). Current results for the Survey of Business Owners and Self-Employed Persons (SBO) were released by the Bureau of the Census in 2005. MBDA will be reviewing this data and looking at how it can use this information as a tool to build a foundation for research and add value to minority business communities.

Data Validation and Verification

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be taken
Dollar Value of Contract awards Obtained	Secured Internet transmission to Program Performance system	Semi-annual Reports	Oracle platform	Source Verification by Regional Project managers	Data integrity dependent on agency verification policy	Review quarterly by OPPE staff
Dollar Value of Financial Awards Obtained	Secured Internet transmission to Program Performance system	Semi-annual Reports	Oracle platform	Source Verification by Regional Project managers	Data integrity dependent on agency verification policy	Review quarterly by OPPE staff
Number of National and Regional Partnerships	Reported by Staff and Projects to the Performance system	On-going as signed	Oracle platform	Validated by staff monitors each quarter	Minimum requirements showing impact on Performance	Staff will review and give rating points accordingly
Number of New Job Opportunities Created	Secured Internet transmission to Program Performance system	Semi-annual Reports	Oracle platform	Source Verification by Regional Project managers	Data integrity dependent on agency verification policy	Review quarterly by OPPE staff
Percent Increase in Client Gross Receipts	Secured Internet transmission to Program Performance system	Semi-annual Reports	Oracle platform	Source Verification by Regional Project managers	Data integrity dependent on agency verification policy	Review quarterly by OPPE staff
Percent Increase in the Customer Satisfaction Index	Contracted Survey	Two year follow-up Survey	Established Model for benchmark	Client Performance system database for Agency Programs	Data integrity dependent on agency verification policy	Review quarterly by OPPE staff

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
FY 2007 ANNUAL PERFORMANCE PLAN (APP)

The National Oceanic and Atmospheric Administration (NOAA) is a future-minded environmental science agency whose mission is to understand and predict changes in the Earth's environment and conserve and manage coastal and marine resources to meet the Nation's economic, social, and environmental needs.

Success in a global economy is linked not only to the ability to respond or react to events but to anticipate and forecast them. Moreover, understanding ocean and atmosphere is essential to sustaining the United States' environmental and economic health. As an agency, NOAA aims to become the global leader for integrated management of the oceans and the atmosphere. Millions of people in the United States depend on NOAA's science, service, and stewardship. NOAA monitoring and prediction products such as satellite imagery, tornado warnings, navigational charts, fishery stock assessments, hurricane tracking, El Niño assessment and forecasts, harmful algal bloom predictions, severe weather forecasts, and coastal zone management are essential to the lives of millions of people in the United States. For example, lives, safety, and businesses depend on reliable weather and climate forecasts to minimize disruption in economic activity and everyday life. Accurate predictions of severe weather safeguard both lives and economic structure of communities. A deeper understanding of long-term climate and environmental trends can impact daily activities from the strategic planting of crops to better management of water and energy resources. Coastal communities, representing over thirty percent of the U.S. gross domestic product, depend heavily on sustaining healthy marine habitats and a robust ocean ecosystem.

NOAA's science-based management approach provides a solid foundation for economic growth and a healthy economy. New priorities for global observation systems, international cooperation, and homeland security will improve NOAA's delivery and effectiveness of services for all of its mission goals. Ultimately, NOAA's success will be measured in the quality of information, service, and benefits provided to customers – the American public.

Priorities/Management Challenges

The 21st century poses complex challenges for NOAA. As the new century unfolds, new priorities for NOAA action are emerging in the areas of climate change, freshwater supply, ecosystem management, and homeland security. Every aspect of NOAA's mission – ranging from managing coastal and marine resources to predicting changes in the Earth's environment – faces a new urgency to address intensifying national needs related to the economy, the environment, and public safety.

NOAA's Strategic Plan addresses global emerging trends and guides NOAA business processes to address those trends. Significant reports such as the Preliminary and Final Reports of the U.S. Commission on Ocean Policy and the Strategic Plan for the U.S. Climate Change Science Program cite growing

needs with respect to the oceans, coasts, and response to climate changes. Recommendations in such reports underlie the Strategic Plan, setting a framework for addressing the needs of the Nation today and for tomorrow. The Strategic Plan responds to the President's Management Agenda for a citizen-centered, results-driven organization that serves all Americans every day.

The NOAA Strategic Plan has five goals: four "mission goals" and one "mission support goal." The Strategic Plan sets an agenda to:

Mission Goals --

- Ecosystems: Protect, restore, and manage the use of coastal and ocean resources through an ecosystem approach to management.
- Climate: Understand climate variability and change to enhance society's ability to plan and respond.
- Weather and Water: Serve society's needs for weather and water information.
- Commerce and Transportation: Support the Nation's commerce with information for safe, efficient, and environmentally sound transportation.

Mission Support Goal --

- Mission Support: Provide critical support for NOAA's mission.

NOAA's elevation in FY 2003 of ecosystem-based management and climate science to high-priority goals in the Plan is especially noteworthy to meet the challenges of the 21st century. In recent years, extreme drought and flooding conditions in large regions of the Nation have combined to make improved water resources prediction an urgent requirement for NOAA's future weather and climate mission. The Plan's emphasis on the Nation's needs for expanded commerce and economic development directly relates to the Administration's focus on a healthy and growing economy.

The Strategic Plan guides all NOAA's management decisions and provides a consistent framework for Line Office and cross-organizational plans, initiatives, and performance measures to be implemented. Through the plan, NOAA employees and contractors have a better understanding of their role in meeting NOAA's strategic goal.

Unit Cost Measures

The NOAA performance measures for this report relate to the scientific work conducted within the agency. Because of the technical and complex nature of NOAA activities and the impact of biological and other natural conditions, unit cost measures are currently not used in this report. However, NOAA is

continuously reviewing its existing performance measures and developing new and more relevant measures. For example, NOAA continues to work with DOC and OMB on providing appropriate programmatic performance and cost data through the on-going PART process.

Program Assessment Rating Tool (PART)

FY 07 PART Programs (Note: this section will be completed for the FY 2007 Congressional Submission)

For the FY 2007 President's Budget OMB conducted its PART assessment of the Ecosystem Research and Weather and Water Services.

Ecosystem Research Program – was rated “Adequate” as a result of the Office of Management and Budget (OMB) PART for FY07. The assessment found XXX. Additional findings included: 1) XXX; 2) XXX; 3) XXX; and 4) XXX. In response to these findings, NOAA is XXX.

Weather and Water Services – includes the Local Forecast and Warnings, Space Weather, Hydrology, Geostationary Satellite Acquisition, Polar Satellite Acquisition, and Satellite Services. The PART applied by OMB gave the Weather and Water

Status on implementation of recommendations of previous PART Programs

NOAA is on track to meet the recommendations made on previous PART reviewed programs. Status on implementation of PARTs by year of President Budget Request:

FY 2004

NMFS regulatory programs – NOAA implemented management and organizational changes including: replacement of the performance measures for the Fishery Management and Protected Species Programs; improvement of the efficiency and effectiveness of regulatory operations; decreased policy vulnerability to legal challenges; and reduced regulatory burden on the affected public.

Pacific Coastal Salmon Recovery Fund (PCSRF) – NOAA developed performance measures for the PCSRF which were published in the 2005 Pacific Coastal Salmon Recovery Fund Report to Congress. Performance data will be reported annually in the Report to Congress beginning with 2005 data in the 2006 Report.

National Weather Service – NOAA continues to invest in activities and technology such as various training courses, the NEXRAD Open Radar Data Acquisition, continued implementation of the Advanced Hydrologic Prediction Service, AWIPS Software upgrades, aviation improvements including new Terminal Aerodrome Forecast tools, climate forecast model upgrades, and the NOAA Environmental Real-time Observation Network (NERON) that will help improve outyear performance measure scores. NOAA will continue to put a great emphasis on performance and

performance improvement, and continue to establish and review performance measures and milestone objectives through the development of strategic plans and annual operating plans.

FY 2005

Coastal Zone Management Act Programs – NOAA developed a suite of proposed outcome-oriented measures in response to recommendations regarding the Coastal Zone Management Program and National Estuarine Research Reserve System (NERRS). In addition, eight states participated in a pilot effort to assess data sources and refine the proposed coastal management measures for implementation. In March 2005, NOAA launched implementation of coastal management performance measures among all 34 state coastal management programs. NOAA has developed or is refining a proposed suite of NERRS measures to be finalized this winter.

Nautical Mapping and Charting Program – NOAA is evaluating the viability of research by the United States Merchant Marine Academy to support clear and meaningful linkages between long-term performance measures and annual goals. NOAA is also developing additional metrics to better capture the outcomes and benefits of the program.

FY 2006

Climate Program – NOAA developed an action plan for implementation of PART recommendations that includes consolidating research laboratories and other management changes recommended by the NOAA Research Review Team, as well as developing an internal database for tracking performance and linking it to the budget.

Protected Areas – In response to the PART recommendations, NOAA has revised existing or created new performance measure targets and timeframes that are ambitious, strategic and realistic. NOAA is implementing processes, including bi-annual meetings of Program leadership, to monitor and report on these measures that will ensure that these targets remain ambitious and that performance data is used to improve on the ground management and better address priority management issues.

FY 2007 Program Increases

Program increases are listed under each Performance Goal (see relevant section).

Targets and Performance Summary

Performance Goal for Ecosystems: Protect, restore, and manage the use of coastal and ocean resources through an ecosystem approach to management

Measure	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Target	FY 2006 Target	FY 2007 Target	Comment
Fish Stock Sustainability Index (FSSI)	N/A	N/A	477.5	N/A	507.0 ^{FB} D[j1]	518.0	This is a new measure for use FY 2007 and replaces the overfished major stocks measure. The FY 2005 and FY 2006 targets are for informational purposes only.
Percentage of Living Marine Resources (LMR) with Adequate Population Assessments and Forecasts	N/A	N/A	36.5	37.4	37.2	38.5	This is a new measure for use in FY 2007 and replaces the unknown stocks measure and the protected resource assessment measure. Numbers for FY 2004-2006 are provided for informational purposes only.
Number of Protected Species Designated as Threatened, Endangered or Depleted with Stable or Increasing Population Levels	17	18	24	24	24	26	This is a new measure for use in FY 2006. FY 2002 – 2005 numbers are provided for informational purposes only. The changes to the FY 2005, FY 2006 and 2007 targets are due to an increase in FY 2004 actual from 18 to 24 (final reported in July 2005).
Number of Habitat Acres Restored (Annual/Cumulative)	4,300/ 5,820	5,200/ 11,020	5,563/ 16,583	4,500/ 21,083	4,575/ 25,658	4,575/ 30,233	In the FY 2004 PAR, the FY 04 actual was reported as a projection; the actual is reported here.

Measure	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Target	FY 2006 Target	FY 2007 Target	Comment
Cumulative Number of Coastal, Marine and Great Lakes Ecosystem Sites Adequately Characterized for Management.	New	New	New	146	193	253	This is a new measure for use in FY 2006. FY 2004 and 05 data are provided for informational purposes. Measure has been reworded and targets have been changed from percentages to cumulative numbers.
Cumulative Number of Coastal, Marine, and Great Lakes Issue-Based Forecasting Capabilities Developed and Used for Management.	New	New	New	19	27	37	This is a new measure for use in FY 2006. FY 2004 and 2005 data are provided for informational purposes. Measure has been reworded targets have been changed from percentages to cumulative numbers.
Percentage of Tools, Technologies, and Information Services that are used by NOAA Partners/Customers to Improve ecosystem-based management.	New	New	New	New	New	TBD	Measure has been reworded and remains under development with plans to be final for use in FY 2007.
Number of Coastal, Marine, and Great Lakes Habitat Acres Acquired or Designated for Long-term Protection (Annual/Cumulative)	New	New	New	New	TBD	TBD	FY 2006 and 2007 targets remain under development; the target issue is planned to be resolved in time for the FY 07 Congressional Submission of the Budget. Measure has been reworded and scope of measure reduced since it was proposed as under development in the FY 2006 APP. (Further refinement may occur before the congressional submission, but the scope of the measures is not expected to be revised.)

Performance Goal for Climate: Understand climate variability and change to enhance society's ability to plan and respond

Measure	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Target	FY 2006 Target	FY 2007 Target	Comment
U.S. Temperature Forecasts (Cumulative Skill Score Computed Over the Regions Where Predictions are Made)	18	17	17	18	18	19	
Reduce the Uncertainty in the Magnitude of the North American (NA) Carbon Uptake	New	Identified Five Pilot Carbon Profiling Sites and four New Oceanic Carbon Tracks	Established five pilot atmospheric profiling sites. Established one oceanic carbon track; identified two additional oceanic carbon tracks	Reduce Uncertainty of Atmospheric Estimates of NA Carbon Uptake to +/- 0.48 Gt. Carbon per Year	Reduce Uncertainty of Atmospheric Estimates of NA Carbon Uptake to +/- 0.48 Gt. Carbon per Year	Reduce Uncertainty of Atmospheric Estimates of NA Carbon Uptake to +/- 0.45 Gt. Carbon per Year	
Reduce the Uncertainty in Model Simulations of the Influence of Aerosols on Climate	New	New	New	New	Establish 15% improvement in uncertainty in model simulations of how North American aerosols influence climate	Establish 20% improvement in uncertainty in model simulations of how North American aerosols influence climate	

Determine the National Explained Variance (%) for Temperature and Precipitation for the Contiguous United States using USCRN Stations	Captured more than 85% of the Annual National Temperature Trend and more than 55% of the Annual National Precipitation Trend for the Contiguous U.S.	Captured more than 95% of the Annual National Temperature Trend and captured 84% of the Annual National Precipitation Trend for the Contiguous U.S.	Captured more than 96% of the Annual National Temperature Trend and more than 90% of the National Annual Precipitation Trend for the Contiguous U.S.	Capture 96.7% of the Annual National Temperature Trend and 90% of the Annual National Precipitation Trend for the Contiguous U.S	Capture 97% of the Annual National Temperature Trend and 91.2% of the Annual National Precipitation Trend for the Contiguous U.S	Capture 97.6% of the Annual National Temperature Trend and 93.7% of the Annual National Precipitation Trend for the Contiguous U.S	The FY 2002 actual of 55% was incorrectly reported in the Department of Commerce FY 2004 Performance and Accountability Report.
Reduce the Error in Global Measurement of Sea Surface Temperature	New	New	New	New	0.4 C	0.3 C	
Improve Society's Ability to Plan and Respond to Climate Variability and Change Using NOAA Climate Products and Information	New	New	New	New	32 risk assessments / evaluations communicated to decision makers	35 risk assessments/ evaluations communicated to decision makers	

Performance Goal for Weather and Water: Serve society's needs for weather and water information

Measure		FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Target	FY 2006 Target	FY 2007 Target	Comment
Lead Time (Minutes), Accuracy (%), and False Alarm Rate (FAR, %) for Severe Weather Warnings Tornadoes	Lead Time	12	13	13	13	14	15	The FY 2004 actual was not final in the FY 2006 Congressional Submission; the final is reported here.
	Accuracy	76	79	75	73	76	76	
	FAR	73	76	74	73	72	72	
Lead Time (Min) and Accuracy (%) for Severe Weather Warnings for Flash Floods	Lead Time	52	41	47	48	48	49	
	Accuracy	89	89	89	89	90	90	
Hurricane Forecast Track Error (48 Hour)	Nautical Miles	122	107	94	128	128	126	
Accuracy (%) (Threat Score) of Day 1 Precipitation Forecasts		30	29	29	27	28	29	
Lead Time (Hours) and Accuracy (%) for Winter Storm Warnings	Lead Time	13	14	15	15	15	15	
	Accuracy	89	90	91	90	90	90	
Cumulative Percentage of U.S. Shoreline and Inland Areas that Have Improved Ability to Reduce Coastal Hazard Impacts		8%	17%	17%	28%	32%	39%	NOAA is in the process of developing a more meaningful measure

Performance Goal for Commerce and Transportation: Support the Nation’s commerce with information for safe, efficient, and environmentally sound transportation

Measure	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Target	FY 2006 Target	FY 2007 Target	Comment
Reduce the Hydrographic Survey Backlog Within Navigationally Significant Areas (square nautical miles surveyed per year)	1,514	1,762	2,070	2,700	2,700	2,800	The FY 2006 target was revised downward from the FY 2006 APP due to a reporting error.
Percentage of U.S. counties rated as enabled or substantially enabled with accurate positioning capacity	New	New	New	28	37	47	FY2006 and FY2007 targets have been revised upward to reflect both increased user demand for the relatively new OPUS tool and the availability of more data for trend analysis. This is a new measure for use in FY 2006. FY 2005 target is provided for informational purposes.
Accuracy (%) and False Alarm Rate (FAR) (%) of Forecasts of Ceiling and Visibility (3miles/1000 ft.) (Aviation Forecasts):							
Accuracy (%)	45	48	45	46	48	48	
FAR (%)	71	64	65	68	68	64	
Accuracy (%) of Forecast for Winds and Waves (Marine Forecasts)							
Wind Speed	52	57	57	57	60	63	
Wave Height	68	71	67	67	70	73	

Performance Goal for Mission Support: Provide critical support for NOAA's mission

There are no GPRA measures for the Mission Support goal since the activities of this goal support the outcomes of the Mission goals. NOAA is developing new and improving existing internal management performance measures for the Mission Support Goal.

Resource Requirements Summary
(\$ in Millions)

Performance Goal for Ecosystems: Protect, restore, and manage the use of coastal and ocean resources through an ecosystem approach to management	FY 2005 Currently Available	FY 2006 Request	FY 2007 Base	Increase/Decrease	FY 2007 Request
Operations, Research, Facilities					
National Ocean Service	342.0	232.2	235.1	3.6	238.7
National Marine Fisheries Service	675.0	623.5	640.2	41.2	681.4
Oceanic and Atmospheric Research	146.4	118.1	116.0	2.8	118.8
National Weather Service	-	-	-	-	-
NESDIS	16.8	17.4	18.0	0.0	18.0
Program Planning and Integration	-	-	-	-	-
Program Support	-	-	-	-	-
Procurement, Acquisition, and Construction	81.6	7.3	7.3	-	7.3
Other-Discretionary and Mandatory	117.6	107.0	109.6	(15)	94.6
Total, Direct Obligations	1,379.5	1,105.3	1126.2	32.6	1158.8
IT Funding	4.7	8.1	8.1	0.4	8.5
FTE	3,479	3,478	3,491	19	3,510

Resource Requirements Summary
(\$ in Millions)

Performance Goal for Climate: Understand climate variability and change to enhance society's ability to plan and respond	FY 2005 Currently Available	FY 2006 Request	FY 2007 Base	Increase/Decrease	FY 2007 Request
Operations, Research, and Facilities					
National Ocean Service	-	-	-	-	-
National Marine Fisheries Service	1.5	2.0	2.0	-	2.0
Oceanic and Atmospheric Research	173.8	174.3	176.8	22.3	199.1
National Weather Service	17.6	21.6	9.4	1.8	11.2
NESDIS	54.1	32.0	32.9	(2.0)	30.9
Program Planning and Integration	-	-	-	-	-
Program Support	3.5	3.5	3.5	-	3.5
Procurement, Acquisition, and Construction	6.4	6.5	7.0	.9	7.9
Other-Discretionary and Mandatory	-	-	-	-	-
Total, Direct Obligations	256.9	239.9	231.7	23.0	254.6
IT Funding	83.1	82.1	82.1	-14.2	67.9
FTE	599	612	541	-	541

Resource Requirements Summary
(\$ in Millions)

Performance Goal for Weather and Water: Serve society's needs for weather and water information	FY 2005 Currently Available	FY 2006 Request	FY 2007 Base	Increase/Decrease	FY 2007 Request
Operations, Research, and Facilities					
National Ocean Service	40.3	10.1	10.1	0.7	10.8
National Marine Fisheries Service	-	-	-	-	-
Oceanic and Atmospheric Research	65.4	53.1	55.8	-	55.8
National Weather Service	679.0	699.8	733.8	26.3	760.0
NESDIS	9.3	6.7	6.9	-	6.9
Program Planning and Integration	-	-	-	-	-
Program Support	0.6	0.6	0.6	-	0.6
Procurement, Acquisition, and Construction	103.5	88.3	87.8	(5.0)	82.8
Other-Discretionary and Mandatory	-	-	-	-	-
Total, Direct Obligations	898.1	858.6	894.9	21.9	916.9
IT Funding	307.1	322.0	322.0	26.1	348.2
FTE	4,654	4,652	4,727	9	4,736

Resource Requirements Summary
(\$ in Millions)

Performance Goal for Commerce and Transportation: Support the Nation's commerce with information for safe, efficient, and environmentally sound transportation	FY 2005 Currently Available	FY 2006 Request	FY 2007 Base	Increase/Decrease	FY 2007 Request
Operations, Research, Facilities					
National Ocean Service	152.0	144.7	146.8	3.5	150.3
National Marine Fisheries Service	-	-	-	-	-
Oceanic and Atmospheric Research	-	-	-	-	-
National Weather Service	14.4	16.0	16.8	1.2	18.0
NESDIS	8.6	8.9	9.2	-	9.2
Program Planning and Integration	-	-	-	-	-
Program Support**	-	-	-	-	-
Procurement, Acquisition, and Construction	-	-	-	-	-
Other-Discretionary and Mandatory***	-	-	-	-	-
Total, Direct Obligations	175.0	169.6	172.8	4.7	177.5
IT Funding	10.8	11.6	11.6	0.6	12.1
FTE	749	760	759	-	759

Resource Requirements Summary
(\$ in Millions)

Performance Goal for Mission Support: Provide critical support for NOAA's mission	FY 2005 Currently Available	FY 2006 Request	FY 2007 Base	Increase/Decrease	FY 2007 Request
Operations, Research, Facilities					
National Ocean Service	6.9	7.3	7.3	-	7.3
National Marine Fisheries Service	-	-	-	-	-
Oceanic and Atmospheric Research	18.5	16.3	16.3	-	16.3
National Weather Service	-	7.4	7.4	-	7.4
NESDIS	87.2	89.0	91.6	-6	91.0
Program Planning and Integration	2.5	2.0	1.9	-	1.9
Program Support	361.1	337.8	349.2	11.2	360.4
Procurement, Acquisition, and Construction	860.7	865.0	865.0	139.4	1,004.4
Other-Discretionary and Mandatory	17.6	18.5	19.3	-	19.3
Total, Direct Obligations	1,354.5	1,343.2	1,358.0	150.1	1,508.1
IT Funding	13.4	14.2	14.2	2.5	16.8
FTE	2,437	2,516	2,516	36	2,552

Resource Requirement Summary
(\$ in Millions)

	FY 2005	FY 2006	FY 2007
Grand Total	Currently Available	Request	Request
Operations, Research, and Facilities			
National Ocean Service	541.2	394.2	407.1
National Marine Fisheries Service	676.5	625.5	683.4
Oceanic and Atmospheric Research	404.1	361.7	390.1
National Weather Service	711.0	744.8	796.6
NESDIS	176.1	154.0	156.0
Program Planning and Integration	2.5	2.0	1.9
Program Support	365.2	342.0	364.5
Procurement, Acquisition, and Construction			
National Ocean Service	127.1	14.5	12.8
National Marine Fisheries Service	31.0	2.0	-
NOAA Research	9.7	10.5	10.5
National Weather Service	89.2	94.4	102.8
NESDIS	731.4	809.9	917.1
Program Support	63.9	35.7	59.2
Other Accounts			
Discretionary			
National Ocean Service	-	-	-
National Marine Fisheries Service	90.6	90.2	75.1

Resource Requirement Summary
(\$ in Millions)
(Continued)

	FY 2005	FY 2006	FY 2007
	Currently Available	Request	Request
Mandatory			
National Ocean Service	1.0	6.0	6.0
National Marine Fisheries Service	26.0	10.8	13.5
Program Support	17.6	18.5	19.3
Direct	4,046.8	3,716.7	4,015.9
Reimbursable	209.2	209.2	209.2
Total Funding	4,256.0	3,925.9	4,225.1
IT Funding	419.1	438.1	453.4
FTE			
Direct	11,918	12,018	12,097
Reimbursable	707	815	815
Total	12,625	12,833	12,912

Note:

Other Accounts/Mandatory is a breakout of the NOAA Commissioned Officers Retirement Account.

Performance Goal for Ecosystems: Protect, restore, and manage the use of coastal and ocean resources through an ecosystem approach to management

DOC Strategic Goal 3: Observe, protect, and manage the earth's resources to promote environmental stewardship

General Goal/Objective 3.2: Enhance the conservation and management of coastal and marine resources to meet America's economic, social and environmental needs

Coastal areas are among the most developed in the Nation, with over half of our population living on less than one-fifth of the land in the contiguous United States. At over 230 persons per square mile, the population density of the near shore is three times that of the nation as a whole. That portion of the U.S. economy that depends directly on the ocean is also large, with 2.3 million people employed and over \$117 billion in value added to the national economy in 2000. Approximately 89 million people vacation and recreate along U.S. coasts every year. The amount added annually to the national economy by the commercial and recreational fishing industry alone is over \$43 billion annually with an additional \$1 billion of marine and freshwater aquaculture sales. With its Exclusive Economic Zone of 3.4 million square miles, the U.S. manages the largest marine territory of any nation in the world. Within this context, NOAA works with its partners to achieve a balance between the use and protection of these resources to ensure their sustainability, health, and vitality for the benefit of this and future generations and their optimal contribution to the Nation's economy and society.

NOAA has a unique mandate from Congress to be a lead Federal agency in protecting, managing and restoring these marine resources. To meet this mandate, our scientists, specialists, and external partners contribute a world-class expertise in oceanography, marine ecology, urban and regional planning, marine archeology, fisheries management, conservation biology, natural resource management, and risk assessment. We have adopted an ecosystem approach to management to achieve balance among ecological environmental and social influences. We recognize that the transition to an ecosystem approach must be incremental and collaborative. In pursuing this approach, we strive to integrate the concerns, priorities, and expertise of all citizens and sectors in the management of coastal and marine resources.

Until ecosystem approaches are fully adopted on a regional scale, NOAA will continue to manage on a smaller, more narrowly focused state, watershed, and species- or site-specific basis. However, NOAA will be improving the science, management, and regulatory processes to implement a more comprehensive ecosystem approach that will allow better management decisions for the Nation's ocean, coastal, and Great Lakes resources. This incremental and collaborative approach also applies to the development of NOAA's ecosystem based performance measures.

Development of Crosscutting Ecosystem Performance Goal Measures

Over the last year NOAA identified five new performance measures for the ecosystem goal. These measures are being designed to systematically track the effectiveness of NOAA's research and management in improving ecosystem health and productivity. They will improve NOAA's ability to: decide

whether programs should be continued, improved, expanded, or curtailed; assess the utility of new programs and initiatives; increase and communicate the effectiveness of program management; and to satisfy NOAA's accountability requirements. Specifically, these new performance measures will inform NOAA's assessment of its efforts to expand ecosystem-based principles and practices that affect the management of large and nested ecosystems. These measures were presented in the FY 2006 APP as under development and four of the five will be ready for use, three in FY 2006 and one in FY 2007, as follows:

- Two of the five measures in FY 2006 APP were "proxy" measures that capture the outcomes of NOAA's work, but fall short of measuring at the ecosystem level. As NOAA develops the science and organizational structure to track performance at the ecosystem level, the Ecosystem Goal will adopt the "ideal" measures, planning and reporting on them in future APPs. In the interim:
 - The proxy measure for ecosystems characterized i.e., *ecosystem sites characterized*, has been reworded and will be ready for use in FY 2006.
 - The *ecosystem health* measure is not expected to be ready for use in FY 2007 and its proposed proxy measure, *coral reef health*, will not be used; it is a long term measure and is not a useful GPRA measure. (For an update on the progress to date in developing this measure see the explanation section of the ecosystem measures.)
- The *tools and technologies* measure has been reworded and its data collection is still under development. Although data is not available at this time, it is planned to be completed in time for use in FY 2007.
- The *forecasting* measure has been reworded and will be ready for use in FY 2006.
- The new habitat measure was proposed in the FY 2006 APP to combine the existing habitat measure i.e., *habitat acres restored*, with *habitat acres acquired or designated for long term protection*; NOAA is continuing to work on how to possibly combine these activities into one measure. Currently, that has not been accomplished and the concepts will remain as separate measures. The *habitat acres acquired or designated for long term protection* measure is still considered under development due to the difficulty of establishing targets for acreage to be acquired; this issue is planned to be resolved in time for the FY 07 Congressional Submission of the Budget.

Although the ecosystem health measure is not ready for use, the other new measures are designed to assess progress toward achieving this strategic outcome of the Ecosystem Goal and these measures will all be implemented by FY 2007. These new performance measures and others that will be developed over time will give NOAA and its stakeholders an end-to-end analysis of performance for the Ecosystem Goal. Finally, the new measures are interconnected and designed to track NOAA's performance for achieving the greatest impacts.

Program Initiative	FTE	Funding Request	Anticipated Impact	Location in the Budget
Protected Resources Research and Management Programs	-	\$ 3,950	Funds will be used to conduct stock assessments and mortality estimation for protected species. This will allow NMFS to increase the quantity and quality of stock assessments that inform regulatory decisions.	NMFS-13
Expand Annual Stock Assessments - Improve Data Collection	-	\$ 9,150	This request will augment stock assessment efforts (stock surveys, fishery monitoring, and assessment analyses) and sampling programs in the Northeast Shelf and Gulf of Mexico. NMFS will improve fishery stock assessments by integrating more ecosystem information into mathematical models to reveal trends in biomass, recruitment levels (e.g., the number of small fish entering the fishery each year), and exploitation rates. NMFS' stock assessment activities provide the technical basis for setting annual catch quotas and are an integral component of the President's U.S. Ocean Action Plan which advocates the wider implementation of dedicated access privileges, including individual fishing quotas (IFQ).	NMFS-27
Economics & Social Sciences Research	-	\$ 1,000	Funds will initiate new economic and sociocultural surveys and assessments for the Gulf of Mexico ecosystem as well as expand on current efforts. These activities directly support efforts to identify market-based solutions to fishery management issues in the shrimp and red snapper fisheries, an approach that is advocated in both the President's U.S. Ocean Action Plan and the 2005 Economic Report of the President. In addition, establishment of economic and social monitoring programs in key fisheries will enhance NMFS' ability to conduct integrated assessments of these fisheries, resulting in more timely and accurate advice to fishery managers. This request will also enable NMFS to assess potential economic and social impacts from current and proposed open loop liquefied natural gas (LNG) projects on marine fishery resources in the Gulf of Mexico as well as to assess the economic impacts from environmental events such as hurricanes, red tide, and hypoxia. Overall, these funds will enable NMFS to support economic and sociocultural monitoring goals for 100% of the fishery management plans (FMP) with commercial fishery components in the	NMFS-30

			Gulf of Mexico ecosystem — e.g., the Shrimp, Reef Fish, and Red Drum FMPs.	
River Enhancement Initiative	-	\$ 6,000	River restoration and conservation will be attained through the modification or removal of structures (e.g., dams, barriers, culverts) that have outlived their useful purposes and pose safety hazards to the neighboring communities which will open habitat to migratory fish. Socioeconomic benefits include: an increase in land values, cost savings of potential repairs to derelict dams, removal of safety and liability concerns and an increase in recreational opportunities. The River Enhancement Initiative will benefit water quality and fish habitat and will enhance stewardship of rivers through a cooperative decision-making process. The funds will be directed towards community-based efforts to improve areas at small dams and river barriers (typically less than 6 feet high). Partnerships with communities will help develop the awareness, tools, and knowledge to address additional structures impeding migratory fish. This initiative will help provide municipalities, states, and private owners with the tools and knowledge necessary to make scientifically sound decisions regarding cooperative efforts at key river barriers through the Community-based Restoration Grants Program (CRP) model.	NMFS-48
Section 7 Consultations	14	\$ 3,500	Funds will allow NMFS to comply with court ordered pesticide consultations. Consultations are required because Section 7 of the Endangered Species Act of 1973 requires Federal agencies, in consultation with the Secretaries of Commerce and of the Interior, to ensure that any action they fund, authorize, or undertake is not likely to jeopardize the continued existence of threatened species or endangered species or result in the destruction or adverse modification of critical habitat that has been designated for such species.	NMFS-10
Aquaculture	-	\$ 1,830	Funds will support augmenting the capacity to manage a matrix aquaculture program and design and implement a regulatory program for marine aquaculture in the U.S. Exclusive Economic Zone (EEZ) called for in the Administration's legislative proposal.	NMFS-22
Pacific Islands Regional Center	-	\$ 5,000	Funds the new NMFS Pacific Islands Regional Office and Pacific Islands Fisheries Science Center in Hawai'i. It's important because it provides	NMFS-56

			resources needed for NMFS to protect, restore, and manage the use of coastal and ocean resources in the Pacific Islands Region through an ecosystem approach to management.	
Southeast Area Monitoring and Assessment Program (SEAMAP)	-	\$3,750	These funds will support SEAMAP's plankton and environmental surveys will enable NMFS to increase sampling intensity for the Gulf of Mexico thereby improving current estimates of larval mortality as well as analyses of potential economic impacts to commercial and recreational fisheries. NMFS will warehouse all of the biological and environmental data from each SEAMAP survey into the SEAMAP Information System, a distributed data management system administered in conjunction with NMFS' Southeast Fisheries Science Center. NMFS' SEAMAP initiative reflects the Office of Management and Budget and Office of Science and Technology Policy's FY 2007 Research and Development Budget Priorities by placing a high priority on data sharing across platforms and disciplines.	NMFS-55
Highly Migratory Species Research in the Gulf of Mexico	-	\$3,000	These funds will support Highly Migratory Species Research in the Gulf of Mexico in order to address the research needs for Gulf and Atlantic billfish, tunas, swordfish, and sharks as well as fund the review of the status of the Atlantic white marlin for listing as threatened or endangered under the Endangered Species Act (ESA). In 2001, NOAA Fisheries received a petition to list the severely overfished Atlantic white marlin as threatened or endangered under the ESA. Additional funding for other Gulf of Mexico highly migratory species will enable NMFS to address continuing bycatch concerns for sea turtles and marine mammals in pelagic longline and other fisheries.	NMFS-23
Catch and Release Mortality Research	-	\$ 1,000	These funds will support Catch and Release Mortality Research in the Gulf of Mexico in order to address discard mortality for both the recreational and commercial sectors. Regulations to end over-fishing such as size, bag, and trip limits, often result in increased numbers of regulatory discards. Onboard monitoring can track the fish species that are released and record their disposition (floating or swimming away), and obtain depth of capture information. These types of data could be used to determine species-specific estimates of depth related mortality that could be included in stock assessments. While there has been	NMFS-25

			research directed at estimating discard mortality for both the recreational and commercial sectors, fishers perceive that NMFS' estimates are either too high or too low.	
Southeast Cooperative Research	-	\$1,000	This increase will fund research on Bycatch Reduction Devices (BRDs) and other fishing gear in the Gulf of Mexico. A number of economically important recreational and commercial species of finfish are caught as bycatch in the shrimp fishery. With the use of BRDs, fishermen are able to retain the shrimp catch while allowing the finfish to escape the trawl net. Increased funding will enable NMFS to address the issue of lowering bycatch levels of a number of economically important recreational and commercial species of finfish including red snapper. NMFS' request directly supports efforts to support regional partnership opportunities in the Gulf of Mexico, a strategy that is advocated in the President's U.S. Ocean Action Plan.	NMFS-53
Fish Information Networks	-	\$1,000	This request funds a state-federal cooperative program that collects, manages, and disseminates statistical data and information on marine commercial and recreational fisheries off the coasts of Alabama, Florida, Georgia, Louisiana, Mississippi, and Texas. With this request, NMFS will have the capability to increase the quantity of data and improve the quality of statistics that are used to inform regulatory decisions for fisheries management.	NMFS-33
Coastal Monitoring and Assessment	-	\$ 1,700	These integrated assessments, increased monitoring capabilities, and ecosystem forecasts will enable resource managers to predict the potential impacts of their decisions on ecosystems, including the human elements, and weigh the costs against the benefits.	NOS-50
Ecological Forecast Modeling in the Northeast Shelf	-	\$ 1,000	Improve the accuracy and timely delivery of ecological forecasts that can lead to better decision-making, better communication between scientists and managers, and help to set science priorities for the future.	NOS-48
National Marine Sanctuary Observing System	-	\$900	Ensures progress toward implementing a Sanctuary system-wide monitoring and observing program in the Northeast and Gulf of Mexico that contributes to NOAA's mandated requirements for monitoring and data sharing to other federal ocean observing initiatives. The initiative supports NOAA's Ecosystem Approach to Management efforts by providing the critical data and information essential for determining the	NOS-61

			health of marine protected area water and habitat quality and living marine resources.	
Ecological Forecast Modeling in Gulf of Mexico	3	\$1,000	The NOAA Ecosystem Research Program will develop decision-support systems that incorporate observations and model-based assessments and predictions in the Gulf of Mexico and will manage these development efforts through a network of regional ecological forecasting centers, with each center sponsoring modeling and research and engaging with regional stakeholders.	OAR-72
Ecosystem Forecast Modeling Research & Outreach	-	\$1,000	The NOAA Ecosystem Research Program will develop decision-support systems that incorporate observations and model-based assessments and predictions in the Gulf of Mexico and will manage these development efforts through a network of regional ecological forecasting centers, with each center sponsoring modeling and research and engaging with regional stakeholders.	OAR-72
Aquatic Invasive Species Program	2	\$ 800	NOAA will enhance its capability to identify and assess species and pathways that pose the highest invasion danger to our Nation’s resources for which NOAA is steward and will develop tools to prevent invasion by these species and along these pathways.	OAR-88

Measure 1a: The Fish Stock Sustainability Index (FSSI)

Explanation of Measure

The Fish Stock Sustainability Index replaces the measure “Number of Overfished Major Stocks of Fish.” The index tracks the outcome of building and maintaining fish stocks at productive levels while also capturing the critical components of NOAA’s efforts to get to that outcome, i.e., managing fish harvest rates and increasing knowledge about the status of fish stocks. The measure provides a much more complete picture than the old measure of NOAA’s success at fisheries management. The FSSI is calculated by assigning a total score between 0 and 4 to each of 230 priority fish stocks (see below). Each stock receives one point if:

- NOAA has determined whether or not (1) the stock is overfished (one half point) and (2) the stock is subject to overfishing (one half point); i.e., scientific knowledge is available about the stock;
- NOAA’s management measures are succeeding at ensuring that fishing does not remove too many fish (i.e., level of fishing mortality does not exceed the threshold for overfishing);
- The stock is managed at an acceptable level (i.e., biomass is above the level defined as overfished for the stock); and

- The stock is rebuilt or is at its “optimal” level, the ultimate long term end state for a stock (i.e., biomass is within 80% of that required to achieve maximum sustainable yield).

The FSSI is computed by summing the scores of the individual stocks. Thus, the highest possible score for each stock is four and for the index it is 920.

The FSSI is based on a set of 230 priority fish stocks selected for their importance to commercial and recreational fisheries. Criteria for selection of stocks include whether they are major stocks (landings greater than 200,000 pounds), whether they are overfished or subject to overfishing, whether they have assessments scheduled, whether they have previously been identified as important, or other factors as appropriate. These stocks represent about 90% of all commercial landings in the U.S. NOAA plans for this set of stocks to be tracked over a 5-year period.

The advantages of the FSSI compared to the “Number of Overfished Major Stocks of Fish” are:

The FSSI measures aspects of both fishing mortality and biomass within a single measure, as opposed to measuring biomass only. Looking at both aspects provides a much more complete picture of the success of NOAA’s fishery management program. It will also cause the measure to show more year-to-year movement and to be much more sensitive to changes in funding.

- Stocks included in the FSSI were selected according to their relative importance, whereas previously only major stocks determined to be overfished in 2000 were included. With five times the number of stocks, the new measure includes large portions of the program that were excluded under the old measure.
- The new measure accounts for progress made relative to stocks that are rebuilding or are currently being managed at a sustainable level. As a result, it is a more accurate portrayal of the status of fisheries.

FY 2007 Target

Since the FSSI is a new measure for FY 2007, the target for FY 2006 is provided for informational purposes only. The estimate for FY 2006 will be completed by September 30, 2005.

One of the major thrusts during FY 2006 and 2007 will be implementing the Regulatory Streamlining Project (RSP). The RSP is a fundamental reconsideration and redesign of the regulatory process within NMFS. Pursuant to direction from Congress, the stated goal of RSP is to improve performance, efficiency and accountability. The RSPs will improve the quality and timeliness of plans and regulations, increasing the effectiveness of management measures to end overfishing and rebuild stocks.

In response to the Bush Administration’s Ocean Action Plan, NMFS will work with Regional Fishery Management Councils to promote greater use of market-based systems for fisheries management through programs such as dedicated access privilege (DAP) programs during FY 2006 and 2007. Dedicated Access Privilege programs (DAPs) allocate a share of the resource to individuals, cooperatives, or communities. DAP programs are effective at ending overfishing where the overfishing results from “derby fishing” as a result of open access.

Other priorities during FY 2006 and 2007 will include bycatch reduction in all major commercial fisheries, monitoring of the crab rationalization program in Alaska, reauthorization of the Magnuson Stevens Fishery Conservation and Management Act, rebuilding strategies in Georges Bank, cooperation with international fish commissions, and management of highly migratory species such as sharks, white marlin and bluefin tuna.

Program Increase

The following program increases are directly related to this performance measure (Dollars in Thousands):

Catch and Release Mortality Research	-	\$ 1,000	These funds will support Catch and Release Mortality Research in the Gulf of Mexico in order to address discard mortality for both the recreational and commercial sectors. Regulations to end over-fishing such as size, bag, and trip limits, often result in increased numbers of regulatory discards. Onboard monitoring can track the fish species that are released and record their disposition (floating or swimming away), and obtain depth of capture information. These types of data could be used to determine species-specific estimates of depth related mortality that could be included in stock assessments. While there has been research directed at estimating discard mortality for both the recreational and commercial sectors, fishers perceive that NMFS' estimates are either too high or too low.	NMFS-25
Highly Migratory Species Research in the Gulf of Mexico	-	\$3,000	These funds will support Highly Migratory Species Research in the Gulf of Mexico in order to address the research needs for Gulf and Atlantic billfish, tunas, swordfish, and sharks as well as fund the review of the status of the Atlantic white marlin for listing as threatened or endangered under the Endangered Species Act (ESA). In 2001, NOAA Fisheries received a petition to list the severely overfished Atlantic white marlin as threatened or endangered under the ESA. Additional funding for other Gulf of Mexico highly migratory species will enable NMFS to address continuing bycatch concerns for sea turtles and marine mammals in pelagic longline and other fisheries.	NMFS-23
Expand Annual Stock Assessments—Improve Data Collection	-	\$9,150	This request will augment stock assessment efforts (stock surveys, fishery monitoring, and assessment analyses) and sampling programs in the Northeast Shelf and Gulf of Mexico. NMFS will improve fishery stock assessments by integrating more ecosystem information into	NMFS-27

			mathematical models to reveal trends in biomass, recruitment levels (e.g., the number of small fish entering the fishery each year), and exploitation rates. NMFS' stock assessment activities provide the technical basis for setting annual catch quotas and are an integral component of the President's U.S. Ocean Action Plan which advocates the wider implementation of dedicated access privileges, including individual fishing quotas (IFQ).	
Southeast Cooperative Research	-	\$1,000	This increase will fund research on Bycatch Reduction Devices (BRDs) and other fishing gear in the Gulf of Mexico. A number of economically important recreational and commercial species of finfish are caught as bycatch in the shrimp fishery. With the use of BRDs, fishermen are able to retain the shrimp catch while allowing the finfish to escape the trawl net. Increased funding will enable NMFS to address the issue of lowering bycatch levels of a number of economically important recreational and commercial species of finfish including red snapper. NMFS' request directly supports efforts to support regional partnership opportunities in the Gulf of Mexico, a strategy that is advocated in the President's U.S. Ocean Action Plan.	NMFS-51

Measure 1b: Percentage of Living Marine Resources (LMRs) With Adequate Population Assessments and Forecasts.

Explanation of Measure

This measure replaces the measures “Number of Major Stocks with an Unknown Stock Status” and “Number of Stocks of Protected Species with Adequate Population Assessments.” The latter has been incorporated into this new measure as a protected species component. This measure tracks the percent of priority fish stocks and protected species stocks that have adequate population assessments and forecasts available and useful to resource managers. The priority fish stocks consist of 230 stocks selected for their importance to commercial and recreational fisheries. They are the same stocks tracked under the FSSI. Protected species stocks tracked for this measure are those listed under the MMPA and/or ESA, which happen also by coincidence to total 230. There are thus 460 stocks tracked under this measure.

This measure combines the number of stock assessments for priority fish stocks and the number of stock assessments and forecasts for protected species to produce a percentage of LMRs that tracks the scientific basis for supporting and for evaluating the impact of living marine resource management actions. The standard of “adequate” is in reference to improving the level of scientific information on a LMR stock to Tier II as described in the Fisheries and

Protected Species Stock Assessment Improvement Plans (SAIPs) developed by the National Marine Fisheries Service. To reach this standard, assessments would have to be based on recent quantitative information sufficient to determine current stock status (abundance and mortality) relative to established reference levels and to forecast stock status under different management scenarios.

FY 2006 and 2007 Targets

Since this is a new measure for FY 2007, the target for FY 2006 is provided for informational purposes only. The FY 2007 target is based on information regarding the level and timeliness of each fish and protected species stock assessment. In FY 2007, we are aiming for 38.5% of a combination of selected fish stocks and protected species stocks to have Tier II stock assessments updated with sufficient timeliness to provide scientifically reliable determinations. To reach the FY 2007 target, six additional stocks of living marine resources (3 fish and 3 protected species) representing an increase of 3.5 percentage points will be raised to a Tier II assessment level, while maintaining the Tier II status of the previously assessed species. Existing assessments must be continually updated to remain current and thus retain their Tier II status. These assessments include monitoring the abundance and biological characteristics of managed fish stocks and protected species, as well as providing required status information and forecasts for each stock.

Program Increase

The following program increase is directly related to this performance measure (Dollars in Thousands):

Expand Annual Stock Assessments - Improve Data Collection	-	\$9,150	This request will augment stock assessment efforts (stock surveys, fishery monitoring, and assessment analyses) and sampling programs in the Northeast Shelf and Gulf of Mexico. NMFS will improve fishery stock assessments by integrating more ecosystem information into mathematical models to reveal trends in biomass, recruitment levels (e.g., the number of small fish entering the fishery each year), and exploitation rates. NMFS’ stock assessment activities provide the technical basis for setting annual catch quotas and are an integral component of the President’s U.S. Ocean Action Plan which advocates the wider implementation of dedicated access privileges, including individual fishing quotas (IFQ).	NMFS-27
Fish Information Networks	-	\$1,000	This request funds a state-federal cooperative program that collects, manages, and disseminates statistical data and information on marine commercial and recreational fisheries off the coasts of Alabama, Florida, Georgia, Louisiana, Mississippi, and Texas. With this request, NMFS will have the capability to increase the quantity of data and improve the	NMFS-33

			quality of statistics that are used to inform regulatory decisions for fisheries management.	
Observers	-	\$1,000	These funds will increase observer coverage in the shrimp trawl, red snapper, and reef fish bottom long-line fisheries in the Gulf of Mexico. Additional observer coverage enhances NMFS' capability to monitor catch, bycatch, and discard rates of finfish species such as red snapper and protected species (e.g., sea turtles). NMFS will integrate the latest bycatch data into existing stock assessments to improve the evaluation of stock status. Expansion of observer programs for many of the fisheries with significant bycatch supports one of the priorities set forth in the President's U.S. Ocean Action Plan - the implementation of a new national bycatch strategy.	NMFS-42
Southeast Area Monitoring and Assessment Program (SEAMAP)	-	\$3,750	These funds will support SEAMAP's plankton and environmental surveys will enable NMFS to increase sampling intensity for the Gulf of Mexico thereby improving current estimates of larval mortality as well as analyses of potential economic impacts to commercial and recreational fisheries. NMFS will warehouse all of the biological and environmental data from each SEAMAP survey into the SEAMAP Information System, a distributed data management system administered in conjunction with NMFS' Southeast Fisheries Science Center. NMFS' SEAMAP initiative reflects the Office of Management and Budget and Office of Science and Technology Policy's FY 2007 Research and Development Budget Priorities by placing a high priority on data sharing across platforms and disciplines.	NMFS-55
Protected Species Research and Management Programs	-	\$3,950	The increase will be used for protected species stock assessments and mortality estimation and for reducing bycatch of protected species in fisheries. The requested increase will allow NMFS to increase the quantity and improve the quality of stock surveys and assessments that inform regulatory decisions. Improved information will result in a reduced need to promulgate conservative, costly, and sometimes burdensome mitigation measures on constituents.	NMFS-13

Measure 1c: Number of Protected Species Designated as Threatened or Endangered under the Endangered Species Act, or as Depleted under the Marine Mammal Protection Act, with Stable or Increasing Population Levels

Explanation of Measure

This measure tracks progress at achieving partial recovery of endangered, threatened or depleted protected species under the jurisdiction of the National Marine Fisheries Service from a baseline of 65 species established as of January 1, 2004. Protected species are defined as all marine mammal stocks (except walruses, polar bears, and manatees) and those domestic non-marine mammal species listed as threatened or endangered under the Endangered Species Act (ESA) that are under the jurisdiction of the National Marine Fisheries Service. Marine mammal species included in this measure are those listed as “depleted” under the Marine Mammal Protection Act, which includes any listed under ESA.

Recovery of threatened, endangered or depleted protected species is very slow and can take decades. While it may not be possible to recover or de-list a species in the near term, progress can be made to stabilize or increase the species. For some, it is trying to stop a steep decline (right whales, stellar sea lions); for others it is trying to increase their numbers/abundance (Ridley turtles). NOAA’s protected species management efforts are focused on halting declines and conserving species while still allowing human activities to continue.

FY 2006 and FY 2007 Targets

The FY 2007 target of 26 consists of 11 endangered species and 15 threatened species, up from 10 and 14 respectively in FY 2004, the most recent year for which actual data are available. Of the 65 stocks to which this measure applies, 34 are endangered, 27 are threatened, and 4 are depleted. The two targeted species for 2007 are Ozette Lake sockeye salmon and shortnose sturgeon, which are threatened and endangered, respectively.

Performance towards the FY 2006 and FY 2007 targets is based upon actions that have been taken over the last 5-10 years for Protected Species. Efforts include completion of recovery plans for Pacific salmon in the NMFS Northwest Region, continued implementation of recovery actions for Pacific salmon through both ESA Pacific salmon recovery funds and grants provided through the Pacific Coastal Salmon Recovery Fund, and improved information gained through updated stock assessments and implementation of monitoring programs.

In FY 2007, NOAA will continue to make specific investments to improve the status of all protected species in order to meet out year performance targets. These specific actions include: Implementing ESA recovery plans, completing ESA consultations on the registration of pesticides by the Environmental Protection Agency, reducing bycatch of marine mammals and sea turtles in fisheries by completing take reduction planning efforts, and implementing ship strike reduction strategies for Right Whales. Improved protected species stock assessments and improved understanding of the effects of ocean noise will help us to make informed management decisions, leading to increased protection for species, while allowing human activities to continue.

Program Increase

The following program increase is directly related to this performance measure (Dollars in Thousands):

Section 7 Consultations	14	\$ 3,500	Funds will allow NMFS to comply with court ordered pesticide consultations. Consultations are required because Section 7 of the Endangered Species Act of 1973 requires Federal agencies, in consultation with the Secretaries of Commerce and of the Interior, to ensure that any action they fund, authorize, or undertake is not likely to jeopardize the continued existence of threatened species or endangered species or result in the destruction or adverse modification of critical habitat that has been designated for such species.	NMFS-10
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Measure 1d: Number of Habitat Acres Restored (Annual/Cumulative)

Explanation of Measure

NOAA restores habitat areas lost or degraded as a result of development and other human activities, as well as specific pollution incidents and sources. Activities are geared toward NOAA trust resources found across the marine environment and supportive of anadromous fish species. The intent of this measure is to summarize or project the geographic area over which ecosystem function has been or will be improved as the direct result of habitat restoration efforts.

FY 2006 and FY 2007 Targets

NMFS participates in a variety of regional and national programs to restore NOAA trust resources and meet the FY 2006 and FY 2007 targets. On a national basis, NMFS directs restoration planning, implementation and monitoring for the Community-based Restoration Program, a program of modest grants for local, partnership-based restoration activities. NMFS serves as the Department of Commerce representative to the Coastal Wetlands Planning, Protection and Restoration Act Task Force, through which the agency undertakes large-scale habitat restoration and protection projects in coastal Louisiana. NMFS serves as the primary source of restoration expertise for the NOAA Damage Assessment and Restoration Program. Working with staff from the National Ocean Service and the NOAA General Counsel's Office, NMFS experts address large-scale oil spills, releases of toxic compounds, and ship groundings to obtain monetary compensation from responsible parties and apply funds to restore or replace injured resources.

Measure 1e: Cumulative Number of Coastal, Marine and Great Lakes Ecosystem Sites Adequately Characterized for Management

This measure was reworded since the FY 2006 APP due to suggestions from the OMB Ecosystem Research Program PART process. Sound management of coastal and ocean ecosystems requires scientifically based information on their condition. NOAA is developing methods to scale up from the site characterizations it currently produces to ecosystem characterizations. Characterization includes identification of the physical location, spatial extent, and biological, chemical, and physical characteristics. Site characterizations improve understanding of the history, current state, and future condition of ecosystems, and ecosystem characterizations will be the cornerstones to ecosystem-based management and the basis for many coastal, marine, and Great Lakes management tools including forecasts, assessments, and management plans. NOAA decides what to characterize based on: user community priorities; adequacy of indicators; significance of issue; and consequences of management action/inaction. Characterization of an ecosystem site (and in the future, a defined subecosystem) is measured as uncharacterized, substantially characterized, or adequately characterized.

NOAA has initiated a process to divide each of the Large Marine Ecosystems into subecosystems; ecosystem sites are being used as a proxy unit of measurement until that effort is completed. (LMEs are the principal assessment and management units for coastal, marine, and Great Lakes resources; there are 10 LMEs in the U.S.) At that point, NOAA will measure the cumulative number of ecosystems adequately characterized for management. The long-term target is that NOAA routinely provides adequate characterizations for management in all LMEs.

Currently the measure tracks the progress of 13 National Marine Sanctuaries (NMS) and 26 National Estuarine Research Reserves in completing monitoring and assessment to characterize the sites for ongoing management and long-term protection. In FY05 NOAA also completed its first ecosystem level characterizations – characterizing and reporting on the state of coral reef ecosystems in 14 U.S. jurisdictions.

FY 2006 and 2007 Targets

In FY 2006, NOAA will complete the following characterizations of NOAA's managed areas: chemical contaminants in Stellwagon Banks NMS, environmental stressors in Monterey Bay NMS, biogeographic assessment of Central and Northern California NMSs, and benthic habitat-fish associations in Gray's Reef NMS. A characterization of Olympic Coast NMS fishing and harvest impacts will be completed in FY 2007. Using the coral reef ecosystem characterization as a model, NOAA will continue to expand its ecosystem characterizations both improving the characterizations of the 14 coral reef ecosystems completed in FY05, and adopting this approach for other ecosystems. We are evaluating the feasibility of adding data from the Coastal Change Analysis Program to this measure in FY 2007 or 2008 to capture characterization of the inland portion of coastal ecosystems.

Measure 1f: Cumulative number of coastal, marine and Great Lakes issue-based forecasting capabilities developed and used for management.

This measure was reworded since the FY 2006 APP to incorporate suggestions from the OMB PART process. NOAA is developing discrete forecast models that allow resource managers to make decisions based on predicted environmental and socioeconomic impacts related to a particular issue. Managers will use these issue-based forecasts to predict the impacts of a single ecosystem stressor (i.e., climate change, extreme natural events, pollution,

invasive species, and land and resource use) and to evaluate the potential of various options to manage those stressors. These forecasts will be based upon field and laboratory studies, existing data, and models predicting environmental conditions under different scenarios. Forecast capabilities will be specific to a geographic area and will be counted for each ecosystem as they become operational – HAB forecasts in the Gulf of Mexico and Gulf of Maine will be counted as two separate forecast capabilities. Similarly, multiple, distinct forecast capabilities could be counted within a single ecosystem (i.e., NOAA may forecast harmful algal blooms (HABs), pink shrimp harvest, and hypoxia in the Gulf of Mexico).

The ultimate goal is for resource managers to routinely use NOAA’s forecasts to better manage ecosystem use, condition, and productivity. Progress toward this goal has been documented since 2001 and includes: Eastern Gulf of Mexico and Gulf of Maine harmful algal bloom alerts (2001), pink shrimp harvest and Gulf of Mexico hypoxia forecast model development (2002), transfer of an operational oyster mortality forecast capability to the US Army Corps of Engineers (2003), transfer of an operational Eastern Gulf of Mexico harmful algal bloom alert capability to NOAA’s Coastal Services Center (2004), transfer of the Great Lakes Forecasting System to NOAA programs (i.e., National Ocean Service Center for Operational Oceanographic Products and Services and National Weather Service) (2005), and preliminary forecasts for domoic acid in Pacific Northwest razor clams, coral bleaching, oyster mortality, and real-time jellyfish prediction in the Chesapeake Bay.

FY 2006 and 2007 Targets

By the end of FY 2004, the capability to forecast HABs in the Gulf of Mexico was complete. Under the current schema, by 2011, five NOAA ecosystem forecast capabilities are affecting management decisions. In FY 2006, NOAA will focus on developing and validating forecasts for domoic acid in Pacific Northwest razor clams, coral bleaching, oyster mortality, and real time jellyfish predictions in the Chesapeake Bay, but none of these are expected to be transferred to managers until FY 2008 and beyond. The FY 2007 target is to develop a pink shrimp harvest forecast and transfer it to the North Carolina Department of Fisheries.

Program Increase

The following program increase is directly related to this performance measure (Dollars in Thousands):

Ecosystem Forecast Modeling Research & Outreach	-	\$1,000	The NOAA Ecosystem Research Program will develop decision-support systems that incorporate observations and model-based assessments and predictions in the Gulf of Mexico and will manage these development efforts through a network of regional ecological forecasting centers, with each center sponsoring modeling and research and engaging with regional stakeholders.	OAR-72
Ecological Forecast Modeling in Gulf of Mexico	3	\$1,000	The NOAA Ecosystem Research Program will develop decision-support systems that incorporate observations and model-based assessments and	OAR-72

			predictions in the Gulf of Mexico and will manage these development efforts through a network of regional ecological forecasting centers, with each center sponsoring modeling and research and engaging with regional stakeholders.	
Ecological Forecast Modeling in the Northeast Shelf	-	\$ 1,000	Improve the accuracy and timely delivery of ecological forecasts that can lead to better decision-making, better communication between scientists and managers, and help to set science priorities for the future.	NOS-48

Measure 1g: Percentage of information, tools, and technologies, and information services that are used by NOAA partners/customers to improve ecosystem-based management. (Note: Baseline data and targets are under development.)

This measure was reworded since the FY 2006 APP to incorporate suggestions from the OMB PART process. This measure will track NOAA’s success in translating or synthesizing research findings into information, tools, and technology that improve the use and management of coastal, ocean, and Great Lakes ecosystems. Tracking the accessibility and use of information by target audiences will allow NOAA to identify and expand its most effective programs and products. NOAA partners and customers include federal, state, local and tribal authorities who make decisions that affect the state of resources in the U.S. coastal zone, and other users whose actions impact the condition of coastal ecosystems (e.g., private industry, school children.)

Examples of tools include: coastal population change data, land cover data, benthic habitat maps, and environmental sensitivity index maps. Technologies refer to the transfer of new or underused approaches for addressing coastal management (e.g., remote sensing, biosensors, Automated Underwater Vehicles (AUVs), genetic markers for fishery stocks) and resource development (e.g., culture systems for aquaculture, marine pharmaceuticals). This includes the application of technology to coastal resource management through synthesis, integration, training, and the development of new management tools. Information services would include technical assistance, education materials and curricula, extension and training. Tools or techniques used for modeling or forecasting are measured elsewhere and excluded here.

FY 2007 Target

The measure’s baseline data and targets remain under development, and it is planned to be ready for use in FY 2007. NOAA will continue to develop baseline and targets for this measure during FYs 2005 and 2006.

Measure 1h (under development): Number of coastal, marine and Great Lakes habitat acres acquired or designated for long-term protection. (Note: This is a separate habitat performance measure from the established GPRA measure *number of habitat acres restored, 1d.*)

Since the FY 2006 APP, measure has been reworded, and scope reduced to not include habitat restoration at this time. This measure is still considered under development due to the difficulty of establishing targets for acreage to be acquired; this issue is planned to be resolved in time for the FY 07

Congressional Submission of the Budget. (Further refinement to the wording, if any, may occur before the congressional submission, but the scope of the measures is NOT expected to be revised.) Serious habitat degradation is evident throughout the nation's coastal, marine, and Great Lakes areas. Current threats to these habitats include coastal urbanization, fragmentation of habitats, overuse, and impacts of vessel groundings, dredging, and fishing gear on underwater habitats. Habitat restoration (the established GPRA measure, 1d) and long-term protection (this new measure, 1h) are critically needed to help maintain the function of important coastal and marine ecosystems. Under NOAA's legislative mandates, NOAA protects and restores key habitats that provide critical ecosystem functions that support the health of endangered or threatened species, essential fish habitat, as well as provide a number of other societal or economic benefits. NOAA maintains the health of coastal, marine, and Great Lakes habitats by designating and managing important areas for long-term conservation and by providing support to state and local governments to protect additional key habitats by purchasing land from willing sellers.

This *long-term protection* measure tracks the number of acres acquired with NOAA funds by state or local government agencies from willing sellers for long-term protection of important coastal habitats, or the number of acres designated for long-term protection by NOAA or by state partners, such as through the National Marine Sanctuary Program (NMSP) and National Estuarine Research Reserve System (NERRS). The protected acres are the actual number of acres newly protected in a fiscal year. The cumulative total represents acres acquired or designated to date for the NERRS, NMSP, and Coastal and Estuarine Land Conservation Program. The goal for the long-term protection indicator is variable, as the yearly target can vary from hundreds to thousands of acres each year. For example, the initial designation or acquisition for a new reserve or sanctuary may add hundreds of thousands of acres in one year, while in other years acquisition may result in several hundred or thousand acres protected.

The measure does not track NOAA's proactive efforts to educate landowners and inform decision-makers about reducing the number of proposals that degrade or destroy habitat or its reactive efforts to comment on permits requesting development in areas that would have adverse effects on marine and coastal ecosystems.

FY 2006 and 2007 Targets

This measure was under development in FY 2006 APP and targets for acres acquired are still under development for FY 2007 APP. Target numbers for "acres *designated* for long-term protection" have been established based on the planned designation of the Mission Aransas National Estuarine Research Reserve in FY 2006 and planned designation of the Northwest Hawaiian Islands Coral Reef Ecosystem Reserve as the 14th National Marine Sanctuary in FY 2007. NOAA target numbers for "acres *acquired* for long-term protection" are difficult to establish because 1) these projects are competitively selected based on availability of funding and 2) the variability in cost per acre of land make it difficult to estimate acreage based on average cost.

MEASURE UNDER DEVELOPMENT: Percentage of Coastal, Marine and Great Lakes Ecosystems with Improved Ecosystem Health (as Demonstrated by a Suite of Indicators of Ecosystem Health).

The key outcome of NOAA's Ecosystem Goal is "Healthy and productive ocean, coastal, and Great Lakes ecosystems that benefit society". NOAA works to achieve this goal through the execution of numerous legislative mandates, which convey public trust responsibilities to NOAA for the nation's coastal

and marine resources. NOAA, other Federal, state, and local government agencies, the private sector, nongovernmental groups and the public influence the desired outcome. To gauge progress toward achieving this goal, NOAA is developing a new performance measure that indicates whether ecosystem health is improving in each of the large ecosystems or sub-ecosystems within its purview.

NOAA has made significant progress toward establishing this measure, but much work remains. For example, NOAA has begun to delineate coastal, marine, and Great Lakes ecosystems at their largest scale. NOAA will continue to develop this regional framework, and in consultation with key stakeholders, will identify sub-ecosystems (encompassing coastal watersheds, marine waters, and Great Lakes environments). Concurrently, NOAA will continue to develop an adaptive suite of indicators of ecosystem health in those regions. Until subecosystems are defined, NOAA will refine its adaptive suite of indicators of ecosystem health. NOAA will continue to work toward establishing a system for integrated budget and performance management that will give NOAA the verified data needed to track its planned index measure on ecosystem health.

Discontinued Measures

Measure: Number of Overfished Major Stocks of Fish

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Target	45	43	43	42	42	N/A
Actual	45	42**	42			
Met/Not Met	Met	Not Met*	Not Met*			

* The baseline was reduced from 46 to 44 for technical reasons so the planned reduction of 3 was not met.

** The 2003 actual was erroneously reported as 43 in the Department of Commerce FY 2004 Performance and Accountability Report. This was a technical change that reduces the baseline from 46 to 44.

Measure: Number of stocks of protected species with adequate population assessments

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Target	120	88	84	77^	69^^	N/A
Actual	88	94	77			
Met/Not Met	Met	Met*	Met**			

* Technical changes increased the baseline by eight stocks. Without these stocks, the actual would have been 86.

** Of the 17 stock reductions between FY 2003 and FY 2004, 7 are stocks that moved from unknown to known status. The additional decrease of 10 stocks was the result of certain stocks being added to and dropped from the report and other stocks being merged into complexes for management purposes. However, the original target presented in the 2004 APP was based on achieving known status for three stocks; it was then increased to four stocks in the 2005 APP. Since seven stocks achieved known status the target was met.

^This target has not been adjusted to reflect the 2004 actual which was reported in August 2005. There is a planned reduction of four unknown stocks for 2005.

^^This target was adjusted to reflect the 2004 actual, but the 2005 target was not. The planned reduction in the number of unknown stocks for 2006 is therefore four rather than eight.

Measure: Number of Stocks of Protected Species with Adequate Population Assessments

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Target	N/A	N/A	N/A	63	59	N/A
Actual	N/A	N/A	61			
Met/Not Met						

Explanation of Discontinued Measures

Number of Overfished Major Stocks of Fish

This measure is being discontinued for three reasons. First, since it focused only on the major stocks that were listed as overfished in the 2000 Report to Congress on the Status of Fisheries, it did not encompass stocks that have become overfished since 2000 and thus did not convey the most up-to-date status of NMFS-managed fish stocks. Second, despite the wording, it focused on those stocks that have not yet been rebuilt to sustainable levels rather than those that remain overfished, which was confusing. Third, by focusing only on overfished status, there were many important aspects of fishery management, in particular reductions in overfishing, that it did not reflect. Because the program more directly influences fishing mortality rates and stock assessments and only indirectly influences biomass levels through controlling fishing mortality, the new measure is a more accurate and timely reflection of program performance while still being outcome oriented.

Number of Major Stocks with an “Unknown” Stock Status

This measure was problematic because it did not have a constant baseline. Due to the definition of a major stock as simply one with more than 200,000 pounds of landings, the list of major stocks changed frequently with new landings data, causing the measure to report changes in numbers that did not correspond to changes in performance. The new measure Percent of Living Marine Resources (LMRs) With Adequate Population Assessments tracks a fixed set of priority fish stocks and thus avoids this problem. It also focuses on the level and quality of scientific information available for each stock rather than on its official status determination, which is a management rather than a scientific decision.

Number of Stocks of Protected Species with Adequate Population Assessments

This measure is a component of the new measure Percent of Living Marine Resources (LMRs) with Adequate Population Assessments, so keeping it as a separate measure would be redundant.

Program Evaluation

Virtually every aspect of National Marine Fisheries Service's fisheries science program is peer reviewed, either internally within NMFS or outside the agency by, for example, the National Academy of Sciences or the National Science Foundation. NMFS also relies on extensive informal networks of university partnerships and laboratories throughout the Nation. Moreover, reviews often occur by opposing parties' scientists in the court system when fisheries management decisions are litigated.

Evaluation efforts include peer reviews of proposals, internal and external reviews of programs, and quarterly reviews of NMFS' overall performance in protected species recovery. Constituent input is an important part of the evaluation process and is solicited regularly through constituent workshops.

NOAA's goal to sustain healthy coasts is the product of more than 25 years of experience helping to understand and manage coastal resources so that their ecological and economic productivity can be fully realized and sustained. Evaluation efforts exist at a variety of levels, from peer reviews of proposals and evaluations of individual projects, to internal and external reviews of entire programs and quarterly reviews of NOAA's overall performance in coastal stewardship areas. Constituent input is an important part of the evaluation process and is solicited regularly through constituent workshops.

Cross-cutting Activities

Intra-Department of Commerce

The National Marine Fisheries Service will focus on reducing overfishing and overcapitalization of U.S. fishery resources by improving stock assessment and prediction, improving essential fisheries habitat, and reducing fishing pressure, including downsizing of fishing fleets. The Department of Commerce, enlisting the support of key bureaus such as the Economic Development Administration, the Minority Business Development Agency, and the National Institute of Standards and Technology, will play a key role in mitigating the impact of these critical resource conservation decisions in the transition to economically sustainable communities.

Other Government Agencies

The Department of Commerce will enlist the support of other federal agencies, such as USDA, the Small Business Administration, and the U.S. Department of Labor, to mitigate the effect of resource conservation decisions.

Over the past year, NMFS has developed innovative partnerships with the states of Maine, Washington, Oregon, and California to promote the recovery of listed and at-risk salmon and steelhead species.

NOAA has leveraged its resources through a variety of effective international, interagency, state, local, private sector, and other partnerships to develop world-class coastal stewardship capabilities. These partnerships are essential to effectively integrate coastal science, assessment, monitoring, education, and management activities.

NOAA provides technical and scientific assistance to a variety of partners involved in protection, monitoring, and restoration of coastal resources. For example, NOAA provides critical information to the U.S. Coast Guard to help the Coast Guard respond to approximately 70 serious oil and chemical spills every year. NOAA also works closely with other agencies, Department of Commerce bureaus, states, local governments, and industry on important cross-cutting activities such as reducing the risks and impacts of natural hazards, protecting and restoring essential fish habitats, reducing runoff pollution, forecasting and preventing harmful algal blooms, and exploring the deep ocean and new uses of the ocean's rich biodiversity.

External Factors and Mitigation Strategies

Various external factors may affect NMFS' ability to reach its targets. The impact of climate, biological, and other natural conditions affect NMFS' efforts to recover protected species and maintain the status of healthy species. In addition, many of NOAA's coastal stewardship activities depend on contributions from multiple partners, particularly states, territories, and other federal agencies. The failure of one or more of these partners to fulfill their cooperative contributions could have very serious consequences on overall efforts. Further, the effect of national and/or local economic conditions may affect NOAA's ability to reach certain targets. Research may identify opportunities to pursue mitigating strategies in some cases.

Performance Goal for Climate: Understand climate variability and change to enhance society’s ability to plan and respond

DOC Strategic Goal 3: Observe, protect, and manage the earth’s resources to promote environmental stewardship

General Goal/Objective 3.1: Advance understanding and predict changes in the Earth’s environment to meet America’s economic, social, and environmental needs

Weather and climate sensitive industries, ranging from finance, insurance, and real estate to services, retail and wholesale trade and manufacturing, directly and indirectly account for about one-third of the Nation’s gross domestic product (GDP), or \$3 trillion,. Industries directly impacted by weather such as agriculture, construction, energy distribution, and outdoor recreation account for nearly 10 percent of the Nation’s GDP. Drought is estimated to result in average annual losses to all sectors of the economy of between \$6-8 billion. Given such stresses as population growth, drought, and increasing demand for fresh water, and emerging infectious diseases, it is essential for NOAA to provide reliable observations, forecasts, and assessments of climate, water, and ecosystems to enhance decision makers’ ability to minimize climate risks. This information will support decisions regarding community planning, public policy, business management, homeland security, natural resource and water planning, and public health preparedness. In the U.S. agricultural sector alone, better forecasts can be worth over \$300 million in avoided losses annually.

To enable society to better respond to changing climate conditions, NOAA, working with national and international partners, will employ an end-to-end system comprised of integrated observations of key atmospheric, oceanic, and terrestrial variables; a scientific understanding of past climate variations and present atmospheric, oceanic, and land-surface processes that influence climate; application of this improved understanding to create more reliable climate predictions on all time scales; and service delivery methods that continuously assess and respond to user needs with the most reliable information possible.

These activities will accelerate the development of a structure and process for improving the relevance of climate science to assist decision-makers in their development of national, regional and sectoral adaptation responses (actions to reduce vulnerability, seize opportunities, and enhance resilience) to variability and long-term changes in the climate, particularly for industry, natural resource and water managers, community planners, and public health professionals.

Program Initiative	FTE	Funding Request	Anticipated Impact	Location in the Budget
Climate Forcing	-	\$ 6,800	Funds research to determine emission and uptake of carbon dioxide in North America and contributes to our understanding of how clouds and aerosols interact and influence climate.	OAR-20
Integrated Ocean Observing System	-	\$ 9,000	Allows NOAA to continue building the global component of the U.S. Integrated Ocean Observing System (IOOS) and improve data management and communications (DMAC) interoperability	OAR-30

			standards and protocols within NOAA’s ocean observational activities	
Coping with Drought : Regional Decision Support Partnerships	-	\$ 4,000	Develops a focused decision-support research effort to aid risk management in the context of severe, sustained drought, and broader water resources management issues.	OAR-35
Alaskan Climate Reference Network	-	\$ 2,500	Funds the expansion of the U. S. Climate Reference Network (USCRN) into Alaska, enabling the U.S. to have the same level of climate monitoring capability in Alaska compared to the national monitoring of temperature and precipitation trends in the lower 48 states.	OAR-47
CLASS	-	\$ 859	Approximately 80% of the requested funding is IT, and will be utilized to enhance and upgrade the elements of the CLASS baseline in order to meet increasing demands on the system. These demands are driven by the exponential increase in rates, volume, and complexity of environmental data, and associated metadata, all relying on CLASS for archive, access, and stewardship.	PAC-52

Measure 2a: U.S. Temperature Forecasts (Cumulative Skill Score Computed Over the Regions Where Predictions are Made)

Explanation of Measure

Accurate temperature forecasts are critical to many sectors of the national economy, including agriculture and energy utilities. This measure compares actual observed temperatures with forecasted temperatures from areas around the country. For those areas of the United States where a temperature forecast (warmer than usual, cooler than normal, near-normal) is made, this score measures how much better the forecast is than the random chance of being correct. Areas where no forecast for surface temperature is made (i.e., areas designated as “equal chance” on the Climate Prediction Center (CPC) seasonal forecast maps) are not included in the computation of the Heidke Skill Score (HSS), the metric used for this measure to compare actual and observed temperatures. It is one of several accepted standards of forecasting in the scientific community. It is calculated as follows:

Heidke skill score: $S = ((c-e)/(t-e)) \times 100$

where c = number of stations correct

and e = number of stations correct by chance = $(1/3) \times$ total number of stations in a 3 equal class system

and t = number of stations, total

S is approximately equal to one-half of the correlation between forecast and observations.

The HSS is a function of whether or not a forecast is correct and for how many locations a forecast is made, but does not reward when the forecast is verified by chance. Skill score is based on a scale of -50 to +100. If forecasters match a random prediction, the skill score is zero. Anything above zero shows positive skill in forecasting. Given the difficulty of making seasonal temperature and precipitation forecasts for specific locations, a skill score of 20 is considered quite good and means the forecast was correct in almost 50% of the locations forecasted. Forecasts will likely be better in El Niño years than in non-El Niño years. Reported skill score is a cumulative average over past 48 consecutive 3-month seasons. For example, skill score of 18 reported at the end of FY 2002 is the HSS averaged over 48 surface temperature forecasts from October 1998 to September 2002. Temperatures across the United States will be measured using NOAA's cooperative network maintained by volunteers across the nation. Temperature data is collected and analyzed by NOAA.

In June 2005, NOAA switched to a new method of computing HSS and the new method will be reflected in the reporting of the FY 05 actual (none of the data reported in the summary table has changed). The old technique was done manually, and as such, was subject to occasional human errors. It was calculated using data for major cities, which resulted in the score being disproportionately weighted toward the eastern U.S. The new technique verifies a gridded objective analysis of the forecast field against a gridded analysis of the observed verification field. This treats the entire area of the lower 48 states more fairly and objectively.

2007 Targets

The FY 2006 target score is 18 and is an increase over the target for FY04 of 17. Beyond FY 2006, a gradual increase in performance skill score is expected due to improvements in modeling and research activities.

Specifically, the National Weather Service accelerated implementation of the new Climate Forecast System originally scheduled for FY 2005 to FY 2004, which is expected to yield benefits in the late 2005 or early 2006 time period. NOAA's Climate Prediction (CPC) is leading an effort to spin up a Climate Test Bed which will accelerate the transition of research improvements to operational climate prediction, and has redirected nearly 25% of its federal and contract staff to accelerate improvements in seasonal climate prediction. Increased collaboration with the research climate community is also planned to enhance model diagnostics and testing from the internal and external science communities. In addition, CPC will expand the collaborative forecast process to include more scientists and experimental forecast tools in their operational seasonal forecasts. This targets the best possible prediction expertise and cutting edge science. Other activities include completion of North American Monsoon Experiment (NAME) in FY04, aimed at improving warm-season predictions, and implementing a new training program that provides forecasts that take into account the latest science and technology advances and the use of new seasonal climate tools/products.

Measure 2b: Reduce the uncertainty in the magnitude of the North American carbon uptake

Explanation of Measure

The annual targets have been modified to represent more realistic estimates of progress. The performance measure wording and targets have also been revised to be more focused and reflect a consistent unit of measure from year to year. These changes originated from an Office of Inspector General audit, *Improvements Needed in the Reporting for NOAA GOALS – Build Sustainable Fisheries, Recover Protected Species, and Predict and Assess Decadal to Centennial Change*, Final Audit Report No. FSD-15989-4-0001/September 2004.

By 2008, NOAA will reduce the uncertainty of atmospheric estimates of the North American carbon uptake by half to +/- 0.3 Gt C per year, assuming a full network of 36 stations has been established and monitored. Several inverse transport models are being used to determine the uncertainty in the North American carbon uptake as the number of carbon dioxide profiling sites is increased. The baseline uncertainty is +/- 0.6 GtC per year (as determined in 2000). Reducing the uncertainty by 50% will allow resolution of the interannual variability in the North American carbon flux and U.S. regional carbon dioxide emissions and uptake.

Carbon dioxide is the most important of the greenhouse gases that are undergoing changes in abundance in the atmosphere due to human activity. On average, about one half of all the carbon dioxide emitted by human activity is taken up by the oceans and the terrestrial biosphere (trees, plants, and soils). These reservoirs of carbon are known as carbon “sinks.” However, the variation in the uptake from year to year is very large and poorly understood. A large portion of the variability is thought to be related to the terrestrial biosphere in the Northern Hemisphere, and quite likely North America itself. NOAA needs to assess and quantify the source of this variability if it is to provide scientific guidance to policymakers who are concerned with managing emissions and sequestration of carbon dioxide. This can only be done by making regional-scale measurements of the vertical profile of carbon dioxide across the U.S. which, combined with improved transport models, can be used to determine carbon dioxide sources and sinks on a regional (about 600 mile) scale. This will provide a powerful tool to gauge the effectiveness of carbon management and enhanced sequestration efforts.

Research supporting this measure also ensures a long-term climate observing system that provides an observational foundation to evaluate climate variability and change, and provides the mechanism to support policy and management decisions related to climate variability and change at national and regional scales. More information can be found at <http://www.cmdl.noaa.gov/carbonamerica/>.

FY 2007 Target

One key activity for FY2006 and FY 2007 will be to continue expansion of the North American observing network of tall tower and aircraft profiling sites. An intensive interagency field campaign in the north-central United States, which began in 2005 with the implementation of new aircraft sites in Iowa, Illinois, Nebraska, North Dakota and Wisconsin is also planned during the 2005-2006 period to reconcile estimates of regional carbon sources and sinks calculated from atmospheric measurements, with direct estimates utilizing field measurements, land-based carbon inventories, regional geographic

information, and remote sensing. The campaign also seeks to attribute sources and sinks of carbon dioxide to ecosystem processes and human activities within the region. This field campaign will lead to reduced uncertainty in the magnitude and the mechanisms of the North American terrestrial carbon sink.

Changes to FY2006 Target

The delayed and reduced FY 2005 appropriations resulted in a revised FY2006 performance measure target from that published in the FY2006 Annual Performance Plan submitted to Congress. The expansion of the North American observing network of tall tower and aircraft profiling sites is delayed from the original planned deployment, resulting in a higher degree of uncertainty in estimates of the North American carbon sink (0.48 gigatons carbon per year) vs. that originally planned (0.4 gigatons carbon per year).

Program Increases

The following program increase is directly related to this performance measure (Dollars in Thousands):

Climate Forcing	-	\$ 6,800	Funds research to determine emission and uptake of carbon dioxide in North America and contributes to our understanding of how clouds and aerosols interact and influence climate.	OAR-20
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Measure 2c: Reduce the uncertainty in model simulations of the influence of aerosols on climate

Explanation of Measure

The near-term goal. By 2007, NOAA observational and theoretical research will reduce the uncertainty in the simulated influence of North American aerosols on climate by 20%. The baseline for comparison will be the level of uncertainty reflected in the 2001 climate-change assessment of the Intergovernmental Panel on Climate Change (IPCC), which was prepared by the worldwide scientific community. The meeting of the 20% measure will be judged by the findings of the forthcoming 2006/7 IPCC assessment, which will update the understanding of climate change.

The longer-term goal. By 2010, NOAA observational and theoretical research will reduce the uncertainty in the simulated influence of global aerosols on climate by 40%. The baseline for comparison will again be the high level of uncertainty reflected in the 2001 climate-change assessment of the IPCC, prepared by the worldwide scientific community. The meeting of this longer-term 40% measure will be judged by the findings of forthcoming IPCC assessments, further updating the understanding of climate change.

Background on the science. Aerosols are liquid or solid particles suspended in the atmosphere. They force changes in the climate system by (i) directly absorbing and scattering of radiation from the sun and (ii) by changing the way clouds reflect back solar radiation. While greenhouse gases warm the atmosphere, aerosols and clouds can both counteract greenhouse gases by reflecting incoming solar radiation and cooling the atmosphere, or, under

different conditions, can trap solar radiation, thus heating the atmosphere. The role of aerosols, clouds, and climate is deemed to be the biggest single uncertainty in the prediction of how human activities influence climate change (IPCC, 2001).

NOAA research plan and annual performance measures. To meet the 2007 goal, NOAA has designed a four-step research program. It is complete with annual measures of success of each year’s step, plus an overall evaluation of how all four steps contribute to the 2006 goal. *Plan.* (1) The multi-stepped plan began in 2002, scoping out the information needs associated with the climate influence of North American aerosols. (2) In 2003, instruments were developed to fill the North American observational gaps. (3) In 2004, the improved measurement capabilities will be used to take a two-month, field-study “snapshot” of how well models simulate these “real-world” aerosols and their climate impact. (3) In 2005, monitoring of the seasonal changes of the aerosols and their climate impact will begin in two key North American regions. (4) Lastly, in 2006 and 2007, using all of the data, NOAA will evaluate the percentage improvement in model simulation of the role of North American aerosols on climate. *Annual Performance Measures.* Annual targets quantitatively score the success of each of the individual research tasks in preceding years. Success in each of these preceding steps is necessary for success in meeting the 20 percent reduction of uncertainty associated with the 2007 goal.

Outcome and payoffs. The desired outcome is an improved science-vetted set of options for changing the impact of North American aerosols on climate, which can be considered by governments, the private sector, e.g., transportation and energy production, and the public. Reductions in the uncertainties surrounding aerosols relate directly to the confidence with which model simulations can support policy decisions on the climate issue. Furthermore, since aerosols are also a human-health, air quality issue, there is the opportunity to quantify “win-win” opportunities of how decisions made to improve air quality may also contribute to reduce the forcing of climate change.

FY 2006 and FY 2007 Targets

While 2006 will be the first year this measure is presented in this report, progress toward this near-term goal is already being tracked at the program level. A series of annual research activities from instrument development in FY2003, to field process studies and long-term monitoring of aerosol distributions in FY2004 and FY2005, will be utilized to achieve the FY2006 goal and further enhance our understanding of how aerosols affect climate.

Program Increase

The following program increase is directly related to this performance measure (Dollars in Thousands):

Climate Forcing	-	\$ 6,800	Funds research to determine emission and uptake of carbon dioxide in North America and contributes to our understanding of how clouds and aerosols interact and influence climate.	OAR-20
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Measure 2d: Determine the National Explained Variance (%) for Temperature and Precipitation for the Contiguous United States using USCRN Stations

Explanation of Measure

This measure is designed to address the significant shortcomings in past and present observing systems by capturing 98% of the long-term changes in the national annual average surface air temperature and 95% of the long-term changes in the national annual average precipitation throughout the contiguous U.S. using the U.S. Climate Reference Network (USCRN). The wording of this measure has been revised and internal control procedures augmented, in response to an Office of Inspector General audit, *Improvements Needed in the Reporting for NOAA GOALS – Build Sustainable Fisheries, Recover Protected Species, and Predict and Assess Decadal to Centennial Change*, Final Audit Report No. FSD-15989-4-0001/September 2004.

Inadequacies in the present observing system increase the level of uncertainty when government and business decision-makers consider long-range strategic policies and plans. The U.S. Climate Reference Network (USCRN), a benchmark climate-observing network, will provide the nation with long-term (50 to 100 years) high quality climate observations and records with minimal time-dependent biases affecting the interpretation of decadal to centennial climate variability and change. Deployment of the U.S. Climate Reference Network is continuing, with stations added over the next several years. NOAA will deploy instrument suites in a combination of single and nearby paired sites.

Due to funding limitations, the original full national network implementation plan has been scaled back to ~110 stations deployed across the contiguous U.S., capturing long-term temperature and precipitation trends only at the national level across the lower 48 states. Given the current and future states of available technologies, the adjusted network distribution provides for the life cycle high performance operations and maintenance of the commissioned stations while maintaining the quality of the data at the highest possible level, given the current and future state of available technologies. The smaller sized network will not be able to achieve the level of monitoring and evaluation of climate variations and trends originally intended at the regional scale.

The USCRN will strengthen the existing climate record through determination of transfer functions between these stations and the instrumentation and stations of other observing networks. This will increase assurance of long-term and bias-free national and global monitoring, including higher-precision, higher-confidence validation of NOAA's space-based (satellite) measurements and monitoring capabilities. More information can be found at <http://www.ncdc.noaa.gov/crn/performanceasures.html>.

FY 2006 and FY 2007 Targets

Due to reduced funding levels in FY 2005, the deployment of new stations was suspended and available funds used for operations and maintenance (O&M) of commissioned observing stations. However, a Congressional earmark funded two previously unscheduled stations in FY 2005. All other USCRN related activities, such as developing instrument transfer functions and station normals, were suspended during FY 2005. The percent national

explained variance for FY 2006 for the annual average surface air temperature will be 97.2% and for precipitation, 92.3%. Provided funding is enacted at the FY 2006 requested level, the target completion date will be extended from FY 2007 to FY 2009 for completing the deployment of the remainder of the currently planned network of stations across the lower 48 states. In addition, quality control technique improvements will be delayed, and incomplete instrument transfer functions will prevent improvements in the quality and value of other NOAA observations from in situ and remote (satellite based) observing systems, as related to climate monitoring and evaluation of present, past, and future climate variation and change.

Measure 2e: Reduce the error in global measurement of sea surface temperature

Explanation of Measure

This measure is intended to document progress in accurately measuring the global sea surface temperature. The unit of measure is potential satellite bias error (in degrees Celsius) of global sea surface temperature. Bias error is due to a systematic difference between multiple types of observing instrumentation (e.g., satellites and in situ buoys, ships, etc.). The current satellite bias error is 0.6 °C (2005). The long-term goal is to reduce the error to 0.2 °C by FY2008. The maximum allowed bias error has been specified as less than 0.5 °C on a monthly scale for a 5° latitude-longitude box.

The sea surface, covering over 70% of the Earth surface, has a tremendous influence on global climate. It is where the atmosphere responds to the ocean, via the transfer of heat either to or from the atmosphere. Warmer than normal sea surface temperatures in the tropical Pacific is a dominant characteristic of the El Niño phenomenon, and predictive climate models for El Niño must be initialized using the most precise observed surface temperature possible to produce accurate forecasts. Since sea-surface temperature is measured by buoys, ships, and satellites, this performance measure is well-suited as an indicator of the effectiveness of our integrated ocean observing system.

This performance measure also reflects how improvements in ocean observations will decrease the uncertainty in global sea surface temperature measurements, which will ultimately play a role in calculations of the ocean-atmosphere exchange of heat and the heat storage in the global ocean. More accurate estimates of sea surface temperature and ocean heat content will improve our ability to respond to changes in the climate system.

FY 2006 and FY 2007 Targets

The integrated ocean climate observing system is ~45% complete in 2004. Current limitations in accurate measurements of global sea surface temperature include insufficient observing platforms in the global ocean. FY2006 and FY2007 will be dedicated to further expanding the global ocean observing network to 61%, working toward global coverage and the long-term goal of reduced error in the global measurement of sea surface temperature.

Program Increase

The following program increase is directly related to this performance measure (Dollars in Thousands):

Integrated Ocean Observing System	-	\$ 9,000	Allows NOAA to continue building the global component of the U.S. Integrated Ocean Observing System (IOOS) and improve data management and communications (DMAC) interoperability standards and protocols within NOAA's ocean observational activities	OAR-30
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Measure 2f: Improve society's ability to plan and respond to climate variability and change using NOAA climate products and information

Explanation of Measure

This measure documents our success in working directly with stakeholders to develop and enhance a suite of climate data, monitoring, and prediction products that are valuable to our customers and stakeholders. The unit of measure is: number of risk and impact assessments/evaluations published and communicated to decision makers. The baseline is 28 risk and impact assessments/evaluations published in 2003.

NOAA currently provides state of the art science and discovery information products to a range of decision makers, from water resource managers and regional forecast offices, to national and international assessments, such as the U.S. Climate Change Science Program (CCSP) and the Intergovernmental Panel on Climate Change (IPCC). These information summaries highlight important deliverables such as reducing uncertainty in climate forcing models (e.g., carbon sources and sinks, effects of aerosols on climate), as well as in seasonal, interannual, and decadal climate forecasts. These deliverables form the basis of NOAA's emerging climate products and services. NOAA requires stakeholder input and feedback for product development and improvement. These interactions are facilitated by both interdisciplinary research and NOAA operations, bridging the gap between research and production, and decision makers. By increasing the interactions between NOAA and the users of climate information, NOAA will ensure that climate products and services are reaching the key decision making sectors.

FY 2006 and FY 2007 Targets

NOAA is planning on continuing the development of prototype decision support tools and the broadening of decision support partnerships through extramural research grants and enhancements to the already successful Regional Integrated Sciences and Assessments program. The NOAA Climate Transition Program was also newly implemented in FY2005. This flexible program focuses on the successful transfer of experimental research and information products into operational settings.

Program Increase

The following program increase is directly related to this performance measure (Dollars in Thousands):

Coping with Drought: Regional Decision Support Partnerships	-	\$ 4,000	Develops a focused decision-support research effort to aid risk management in the context of severe, sustained drought, and broader water resources management issues.	OAR-35
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Program Evaluation

The NOAA Scientific Advisory Board (SAB), made up completely of private sector, university, and other Federal agency scientists, conducts periodic reviews of the activities of the Office of Oceanic and Atmospheric Research Laboratories and Joint Institutes. The SAB also provides guidance on NOAA's Climate Program. A number of NOAA line offices participate in the activities that support climate research. The National Environmental Satellite, Data, and Information Service (NESDIS) holds management performance reviews several times a year. NWS conducts reviews of the National Centers for Environmental Prediction (NCEP). In addition, programs are evaluated by the National Science Foundation and the National Research Council. NOAA holds annual constituent workshops at which NOAA's seasonal climate forecast efforts are discussed with the community of seasonal-to-interannual climate forecast users, and input is solicited to shape future efforts. NOAA's Office of Global Programs, funded in Oceanic and Atmospheric Research's (OAR) Climate and Global Change research line item, receives review from international science agencies, universities, and private sector scientists.

Cross-cutting Activities

Other Government Agencies

NOAA works with a wide variety of partners in the area of climate forecasts, including other federal agencies (for example, the Federal Emergency Management Agency and the U.S. Agency for International Development), state and local agencies (for instance, state departments of environmental protection and emergency preparedness managers), academia, foreign government agencies, and international organizations. In preparing for the 1997–98 El Niño, NOAA worked closely with the Federal Emergency Management Agency and state and local officials, greatly improving public preparedness for the severe weather resulting from El Niño.

In 2003, the US government formed the Climate Change Science Program (CCSP) to facilitate the creation and application of knowledge of Earth's global environment through research, observations, decision support, and communication. The DOC, partnering with 12 other Federal agencies, leads this nationwide effort (<http://www.climate-science.gov/Library/stratplan2003/default.htm>). At NOAA, Climate Goal strategic performance objectives correspond directly to CCSP goals and are managed by NOAA's Climate Goal.

Government/Private Sector

NOAA depends strongly on universities to help accomplish its science objectives through a network of joint and cooperative institutes and universities. NOAA also funds academic researchers through competitive, peer-reviewed programs, namely, OAR's Competitive Research Program (formerly referred to as the Climate & Global Change Program).

External Factors and Mitigation Strategies

An unanticipated major increase of the customer base for climate-related products may strain NOAA resources. In such an event, NOAA would prioritize its activities to meet the immediate increase in demand while it looks for alternative ways to meet the needs of all its customers.

Improving our understanding of the natural environment requires advanced infrastructure and therefore continual investment in new technology, such as improved in situ observing systems, supercomputers, and environmental satellites.

Performance Goal for Weather and Water: Serve society’s needs for weather and water information

DOC Strategic Goal 3: Observe, protect, and manage the earth’s resources to promote environmental stewardship

General Goal/Objective 3.1: Advance understanding and predict changes in the Earth’s environment to meet America’s economic, social, and environmental needs

On average, hurricanes, tornadoes, tsunamis, and other severe weather events cause \$11 billion in damages per year. Weather, including space weather, is directly linked to public safety and about one-third of the U.S. economy (about \$3 trillion) is weather sensitive. With so much at stake, NOAA’s role in observing, forecasting, and warning of environmental events is expanding, while economic sectors and its public are becoming increasingly sophisticated at using NOAA’s weather, air quality, and water information to improve their operational efficiencies and their management of environmental resources, and quality of life.

NOAA is strategically positioned to conduct sound science and provide integrated observations, predictions, and advice for decision makers to manage many aspects of environmental resources—from fresh water to coastal ecosystems and air quality. Bridging weather and climate time scales, NOAA will continue to collect environmental data and issue forecasts and warnings that help protect life and property and enhance the U.S. economy.

NOAA is committed to excellent customer service. NOAA depends on partners in the private sector, academia, and government to help disseminate critical environmental information. NOAA will work even closer with existing partners and will develop new partnerships to achieve greater public and industry satisfaction with weather, air quality and water information. NOAA will expand services to support evolving national needs, including space weather, freshwater and coastal ecosystems, and air quality predictions throughout the Nation.

Program Initiative	FTE	Funding Request	Anticipated Impact	Location in the Budget
Coastal Services Center/Ocean.US activities in support of IOOS Implementation	-	\$ 700	NOAA’s work will assist the Nation in living up to the U.S. commitment to the GEOSS and the President’s Ocean Action Plan. This effort will connect our national coastal community and decision makers to national, state, and local information, tools and data in support of coastal and oceanic resources stewardship, usage, and health. Implementing and sustaining the global component and the national backbone are federal responsibilities in terms of both funding and implementation, and NOAA plays a critical leadership role.	NOS-33
Strengthen Tsunami Warning Network	4	\$11,370	Sustain the Administration’s commitment to strengthen the U.S. Tsunami Warning Program.	NWS-18/ PAC-27

National Profiler Network Frequency Conversion	5	\$7,000	Transfers wind profilers from research to operations and funds a conversion of the radio frequency over which they transmit so that the profilers do not impede search and rescue satellite communications.	NWS-22
O&M for Buoys installed with FY '05 Hurricane Supplemental Funding	-	\$1,400	Funds operation and maintenance of seven new weather data buoys funded/deployed under the FY 2005 Hurricane Supplemental Appropriation for enhanced real time hurricane data observations and storm monitoring in the Caribbean, Gulf of Mexico, and the Atlantic Ocean to support the NOAA hurricane warning and forecast mission.	NWS-17
Environmental Modeling	-	\$1,800	Maintains operational software code and manages the new advanced environmental prediction model system, the Earth System Modeling Framework in NOAA.	NWS-32
NWS Telecommunications Gateway	-	\$2,500	Implements a telecommunications network solution that resolves an existing single-point-of-failure associated with the NWS Telecommunications Gateway.	NWS-38
IOOS Data Assembly Center	-	\$1,500	Upgrades the existing NOAA National Data Buoy Center's (NDBC) Data Assembly Center (DAC) to serve as the data management and data quality control center, i.e., "backbone," for NOAA's Integrated Ocean Observation System (IOOS).	NWS-14
NOAA Center for Weather and Climate Prediction	-	\$14,400	Prepares the NOAA Center for Weather and Climate Prediction (NCWCP) for FY 2008 occupancy and operations.	PAC-78

Measure 3a: Lead Time (Minutes), Accuracy (%), and False Alarm Rate (FAR, %) of Severe Weather Warnings for Tornadoes

Explanation of Measure

The lead time for a tornado warning is the difference between the time the warning was issued and the time the tornado affected the area for which the warning was issued. The lead times for all tornado occurrences within the continental U.S. are averaged to get this statistic for a given fiscal year. This average includes all warned events with zero lead times and all unwarned events. In FY 2004, the percentage of events with a lead time greater than zero was 68 percent. Accuracy is the percentage of time a tornado actually occurred in an area that was covered by a warning. The difference between the accuracy percentage figure and 100% represents the percentage of events without a warning. The false alarm rate is the percentage of times a tornado warning was issued but no tornado occurrence was verified. The false alarm rate was added as a reportable measure in FY 2000, although it had been collected and used internally previously.

FY 2006 and 2007 Targets

NWS lead time target will gradually increase to 15 minutes by FY 2007 after completion of retrofits of the NEXRAD systems, implementation of new training techniques such as a weather event simulator, and realization of the operational benefits of Advanced Weather Interactive Processing System’s five software enhancements. Technological advances and new training techniques have resulted in meeting or exceeding lead time and accuracy goals in recent years. The same training techniques have also led to False Alarm Rate not meeting the goals set in FY 2002, FY 2003 and FY 2004. National emergency manager and media surveys indicate that they can "tolerate" a higher false alarm rate if it results in longer lead times and increased accuracy. Supplemental coverage from FAA radars and enhanced radar algorithms and scan strategies are being incorporated into AWIPS from FY 2005 through FY 2010 to reduce the false alarm rate. The false alarm rate goals have been revised to reflect the potential of these technological advances.

Program Increases

The following program increases are directly related to this performance measure (\$K). Note: this increase is related to the GPRA measures only at the Weather Forecast Offices (WFOs) within the National Wind Profiler Network; it does not affect the national GPRA targets. This is explained in more detail in the budget narrative.

National Profiler Network Frequency Conversion	5	\$ 7,000	Transfers wind profilers from research to operations and funds a conversion of the radio frequency over which they transmit so that the profilers do not impede search and rescue satellite communications.	NWS-22
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Measure 3b: Lead Time (Minutes) and Accuracy (%) for Severe Weather Warnings for Flash Floods

Explanation of Measure

The lead time for a flash flood warning is the difference between the time the warning was issued and the time the flash flood affected the area for which the warning was issued. The lead times for all flash flood occurrences within the continental United States are averaged to get this statistic for a given fiscal year. This average includes all warned events with zero lead times and all unwarned events. In FY 2004, the percentage of events with a lead time greater than zero was 74 percent. Accuracy is measured by the percentage of times a flash flood actually occurred in an area that was covered by a warning. The difference between the accuracy percentage figure and 100 percent represents the percentage of events without a warning.

FY 2006 and 2007 Targets

The FY 2005 and 2006 targets for the Flash Flood performance lead time goal have been adjusted based upon performance in FY 2003, FY 2004 and the FY 2005 budget. NWS expects to improve both flash flood lead-time and accuracy over the next several years through the implementation of new Advanced Hydrologic Prediction Service (AHPS) flash flood decision assistance tools. However, the FY 2005 enacted budget will delay the implementation of forecaster-requested enhancements to the operational AHPS Flash Flood Monitoring and Prediction (FFMP) decision assistance tool, which is why the FY 2005 and FY 2006 goals have been revised. Critical flash flood operations related training to field staff will also be delayed in FY 2005, which contributes to the goal revision. The implementation of NEXRAD Open Radar Data Acquisition (ORDA) will begin in FY 2005, and will provide precipitation estimates on a much smaller grid, which will give forecasters many more points to average for the basin rainfall. The larger number of points for averaging the rainfall will deliver more precise precipitation input for forecasting flash floods. Also, in FY 2006 Distributed Modeling will be installed into the AWIPS baseline software. This will introduce a level of specificity to the hydrologic modeling that will take advantage of the smaller grid precipitation estimates provided by ORDA and improve the precision of flash flood forecasting. By FY 2007, improvements to precipitation estimates in mountainous areas will be added which will also improve the precision of forecasting in areas that have historically been difficult due to lack of data. Lead time and accuracy should be improved by these new capabilities.

Measure 3c: Hurricane Forecast Track Error (48 Hours)

Explanation of Measure

The public, emergency managers, government institutions at all levels in this country and abroad, and the private sector use NOAA hurricane and tropical storm track forecasts to make decisions on life and property. This goal measures the difference between the projected location of the center of these storms and the actual location in nautical miles (nm) for the Atlantic Basin. The goal is computed by averaging the differences (errors) for all the 48-hour forecasts occurring during the calendar year. This measure can show significant annual volatility. Projecting the long-term - trend, and basing outyear goals on that trend, is preferred over making large upward or downward changes to the goals each year.

FY 2006 and 2007 Targets

The average track error is projected to decrease due to improvements in observations, hurricane forecast models, aircraft upgrades, supporting data and computer infrastructure, and by conducting research within the U.S. Weather Research Program (USWRP) that will be transferred to NOAA NWS forecast operations. Specifically, the first generation Hurricane Weather Research Forecast model assessment will occur in during the 2006 hurricane season and will make use of advanced observations for large-scale atmosphere (winds, moisture and temperature observations) and oceans, and NOAA will install additional marine buoys at high priority sites in the Caribbean and Atlantic Ocean which will provide an early warning system of marine observations in

the open ocean. In addition, ten Air Force C-130 aircraft will be equipped with Stepped Frequency Microwave Radiometers in late FY 2005 which will provide more accurate observations of surface winds.

The targets for hurricane track forecast are higher than the actual trend from FY 2002 to FY 2004. However, hurricane track forecast targets are developed based on analysis of long term performance. Therefore, it would be premature to extrapolate the recent downward trend in forecast errors to derive a new GPRA target. Overall, however, we would expect forecast errors to decrease as we continue to make improvements to our observing systems and forecast models, and we continue to review and analyze past performance to determine when downward revision of the targets may be appropriate.

Program Increases

The following program increases are directly related to this performance measure (\$K):

Environmental Modeling		1,800	Maintain operational software code and manages the new advanced environmental prediction model system, the Earth System Modeling Framework, in NOAA	NWS-32
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Measure 3d: Accuracy (%) (Threat Score) of Day 1 Precipitation Forecasts

Explanation of Measure

This performance measure tracks the ability of the weather forecasters of NOAA’s Hydrometeorological Prediction Center to predict accurately the occurrence of one inch or more of precipitation (rain or the water equivalent of melted snow or ice pellets) twenty-four hours in advance across the contiguous U.S. This measure was originally, “Accuracy of 3-day Forecast of Precipitation.” The measure has been revised to reflect a more representative and accurate means of measuring the performance for this strategic goal. Through this measure, the HPC focuses on relatively heavy amounts of precipitation, usually a half inch or more in a 24-hour period (short-term flood and flash flood warnings), because of the major safety and economic impacts such heavy precipitation can have in producing flooding, alleviating drought, and affecting river navigation.

The HPC began providing quantitative precipitation forecasts (QPFs) in 1961. These forecasts indicate how much precipitation is expected across the United States, not just whether it will rain or snow. The HPC began making QPFs through two days into the future in 1965 and through three days in 2000. The HPC has tracked the accuracy of these forecasts very carefully over the years using a metric with the statistical name of “threat score” or equivalently “critical success indicator”. This accuracy metric ranges from 0 percent, indicating no skill, to 100 percent for a perfect forecast. In verifying the accuracy of a forecast of 1 inch or more of precipitation for day 1 (the next 24 hours), for example, the HPC first determines everywhere in the U.S. where an inch or more actually fell and was observed by rain gauges. On a given day this occurs only over a very small percentage of the country (although a 1 inch or more precipitation event is significant for the inhabitants of that particular area). The HPC then compares these observed areas of at least 1 inch of precipitation

with the forecasted areas of at least 1 inch, counting only those points in the United States where HPC forecasted and observed at least an inch as being an accurate forecast. (These points are called “hits”.) Thus, if HPC forecasts 1 inch to fall at the point representing Washington, DC, and it observed only 3/4" actually had fallen in that specific area, the forecast is then rated as a “miss”, even if an inch of rain was observed to have fallen at the points nearby representing the area of Fairfax City, Virginia, or the area of Upper Marlboro, Maryland. The overall accuracy score for the country for that particular day 1 forecast is then determined by dividing the total number of correctly forecast points (hits) by the total number of points where HPC had either forecast at least 1 inch of liquid precipitation or 1 inch of liquid precipitation had actually occurred. Thus this measure takes into consideration those areas where 1 inch or more of precipitation was correctly forecast, where it was forecasted but did not occur, and where it occurred but had not been forecasted. In summary, to earn a high accuracy score, HPC has to forecast the time, place, and amount of precipitation very well.

Regarding the quality control of the forecast and verification processes, HPC forecasters work under the supervisory control of the Senior Branch Forecaster (SBF), who is responsible for the quality and content of all products issued during the shift. The day 1 forecast is prepared by the SBF, who works closely with the day 2-3 forecaster to ensure consistent forecast products.

The forecasts from complex computerized weather prediction models are the forecasters’ starting point upon which they improve by applying their experience and scientific knowledge. The forecasters make their predictions on meteorological workstations. Approximately two days after the day 1 forecast has been made, the SBF verifies the precipitation forecasts. Another SBF serves as his or her verification assistant as needed. These verifying SBFs make sure data necessary for the verification are available, including the human forecasts and the observed precipitation observations. The observations of precipitation are collected by the NWS from several thousand locations around the U.S.

On a meteorological workstation, the verifying SBF displays a graphic of the precipitation observations with contour lines drawn to indicate the amounts of precipitation wherever it has been observed over the U.S. The verifying SBF then reviews this graphic to ensure there are no noticeable errors or large numbers of missing precipitation data. As required, the verifying SBF corrects observational errors on the graphic and supplements missing data areas based on radar information. Once satisfied with the quality of the observed precipitation graphic, the verifying SBF runs various workstation programs that provide needed calculations, save the information, and print out a copy of the statistics and graphics generated.

With each passing day, a similar procedure is followed. Once all forecasts for the month have been verified, the verifying SBF runs a computer program on workstation (called QPFV) that calculates the monthly values for threat score, equivalent threat score, bias, probability of detection, and false alarm rate for various precipitation thresholds (0.5, 1.0, 2.0, 3.0, 4.0, 5.0, and 6.0 inches), saves this information on workstation QPFV, and prints out a copy of the monthly statistics. Workstation QPFV data are backed up once a month to two places – tape and another workstation. Information in the fundamental verification database is write protected and can only be modified or deleted under one user account, which is under the control of a GS-13 meteorologist, whose primary job is not forecasting but techniques development. This account is password protected.

Several important points should be noted. First, although the accuracy scores are low with respect to perfection, the accuracy is clearly high enough to be of major utility to America’s decision makers. As indicated by the numerous requests for HPC’s precipitation products, especially in times of hardship, the

Federal Emergency Management Agency (FEMA), Army Corps of Engineers, the media, and farmers among others all rely heavily on NOAA forecasts to decide how to proceed.

Secondly, the scores are continuing to improve in accuracy. The metrics from the last 40 years indicate the day 2 forecasts of at least one inch of precipitation in 2004 had similar skill to the day 1 forecasts in 1985, and HPC’s day 3 forecasts in 2004 were as accurate as the day 2 forecasts in 1995.

FY 2006 and 2007 Targets

NOAA has an intensive effort internally and with its partners to improve the accuracy of its numerical weather prediction models, as well as enhance the global observing system providing the foundation for observations needed by these models. During the next several years, NOAA will implement several numerical weather prediction model enhancements aimed at improving heavy precipitation forecasts.

In addition, NOAA delivered and installed an upgrade to its Central Computer System in 2004 and began operational implementation in January 2005 that is improving the delivery of products to the field and providing system users with enhanced productivity. Investments are also being made to expand the Hydrometeorological Testbed at the HPC in FY 2006 for the purpose of improving precipitation prediction. This will include assessing scientific breakthroughs and new techniques to identify advanced, real-time, data analysis and forecast techniques, numerical forecast models and methods, observational systems, and climate-water-weather linkages that could significantly improve the forecast guidance which are necessary to improving quantitative precipitation forecasts through seven days. New training and forecast tools are also planned over the next couple of years. The combination of these activities will lead to improvements in Quantitative Precipitation Forecasts over the course of the next decade.

Program Increases

The following program increases are directly related to this performance measure (\$K):

Environmental Modeling		1,800	Maintain operational software code and manages the new advanced environmental prediction model system, the Earth System Modeling Framework, in NOAA	NWS-32
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Measure 3e: Lead Time (Hours) and Accuracy (%) of Winter Storm Warnings

Explanation of Measure

A winter storm warning provides NOAA customers and partners advanced notice of a hazardous winter weather event that endangers life or property, or provides an impediment to commerce. Winter storm warnings are issued for winter weather phenomena like blizzards, ice storms, heavy sleet, and heavy snow. This performance indicator measures the accuracy and advance warning lead time of winter storm events. Improving the accuracy and advance warnings of winter storms enables the public to take the necessary steps to prepare for disruptive winter weather conditions.

FY 2006 and FY 2007 Targets

The performance indicator measuring the accuracy and advance warning lead time of winter storm events will rise to 90 percent accuracy and 15 hours lead time in FY 2006 and FY 2007. These advancements will be attributed to improvements in numerical weather prediction, super computer upgrades, the use of ensemble modeling forecasting techniques, and local training initiatives.

Measure 3f: Cumulative Percentage of U.S. Shoreline and Inland Areas that Have Improved Ability to Reduce Coastal Hazard Impacts

Explanation of Measure

This measure tracks improvements in NOAA's ability to assist coastal areas with estimating the risks of natural hazards in U.S. coastal regions. Activities are underway to develop a coastal risk atlas that will enable communities to evaluate the risk, extent, and severity of natural hazards in coastal areas. The risk atlas will help coastal communities make more effective hazard mitigation decisions to reduce the impacts of hazards to life and property. Currently, many coastal communities make major decisions on land use, infrastructure development, and hazard responses without adequate information about the risks and possible extent of natural hazards in their area. Through the coastal risk atlas, NOS, with other Federal and state agencies, will provide a mechanism for coastal communities to evaluate their risks and vulnerabilities to natural hazards for specific U.S. coastal regions and improve their hazard mitigation planning capabilities.

FY 2006 and 2007 Targets

NOAA began working to expand phase II of the Coastal Risk Atlas to other areas within FEMA Region IV (North Carolina, South Carolina, Georgia, Florida, Alabama, and Mississippi) during FY 2003. This expansion will not result in an increase to the target for FY 2004, but results in an increase in FY 2005. The completion of the expansion in FY 2005 will increase the cumulative total to 26,778 miles of the total shoreline, 97,128, or 28 percent. This increase will consist of 2,344 mile of shoreline for Georgia and 7,721 miles of shoreline for Louisiana. An evaluation at the end of the phase II expansion will determine the feasibility of continued expansion of the Coastal Risk Atlas beyond FY 2005. If continued

expansion is deemed feasible, efforts will focus on adding Oregon and Texas to the Coastal Risk Atlas. This increase will consist of 1,357 of shoreline for Oregon (53 of the total 1,410 miles of shoreline for Oregon has previously been attributed towards this measure in FY 2001) and 3,359 miles of shoreline for Texas. For 2007, the coastal risk atlas will be expanded to include Maryland and Virginia.

Program Increases

The following program increase is directly related to this performance measure (\$K):

Coastal Services Center/Ocean.US activities in support of IOOS Implementation	-	\$ 700	NOAA’s work will assist the Nation in living up to the U.S. commitment to the GEOSS and the President’s Ocean Action Plan. This effort will connect our national coastal community and decision makers to national, state, and local information, tools and data in support of coastal and oceanic resources stewardship, usage, and health. Implementing and sustaining the global component and the national backbone are federal responsibilities in terms of both funding and implementation, and NOAA plays a critical leadership role.	NOS-33
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Program Evaluation

NOAA’s vision for FY 2006 is to provide significantly improved short-term warning and forecast products and services that enhance public safety and the economic productivity of the Nation. While it is difficult to see the improvements on an annual basis because of the scientific nature and seasonal variations of weather events, historical trends have shown that NOAA continues to improve the accuracy and advance warning lead time of severe weather hazards.

Program evaluations at NWS Field Offices are conducted annually. Quality control procedures are followed to ensure the highest reliability of gathered data and weather products. The National Academy of Sciences is also involved in program analysis and evaluation processes on a national level.

Cross-cutting Activities

Intra-Department of Commerce

NOAA works closely with the National Institute of Standards and Technology and the Economic Development Administration on the Federal Natural Disaster Reduction initiative, which focuses on reducing the costs of natural disasters, saving lives through improved warnings and forecasts, and providing information to improve resiliency to disaster.

Other Government Agencies

NOAA also works closely with other agencies such as the Federal Emergency Management Agency, the Corps of Engineers, the Bureau of Reclamation, the Department of Defense, as well as state and local governments to complement their meteorological services in the interest of national security. NOAA works closely with the U.S. Coast Guard to disseminate marine weather warnings and forecasts and works directly with the Federal Aviation Administration on aviation forecasts and with the National Aeronautics and Space Administration on launch forecasts and solar forecast effects.

Government/Private Sector

Weather and climate services are provided to the public and industry through a unique partnership between NOAA and the private meteorological sector. NOAA provides forecasts and warnings for public safety, and the private sector promotes dissemination of forecasts and tailors basic information for business uses.

External Factors and Mitigation Strategies

A number of factors unique to the atmospheric sciences must be considered when reviewing the performance measures for this goal. The primary factor to consider is the natural variation of this goal related to annual fluctuations in meteorological conditions. Another factor concerns the damage to critical equipment (for example, supercomputer fire and satellite outages) that can affect daily operations for extended periods, even though numerous safety measures and backup procedures are in place.

Although the performance measures for this goal may improve, the impact on society may not be obvious because of factors beyond our control. For example, hurricane warnings may become more accurate, but because of the increase in population along the coastlines, the deaths, injuries, and/or damage estimates may increase.

Improving our understanding of the natural environment requires advanced infrastructure and therefore continual investment in new technology such as supercomputers and environmental satellites.

NOAA relies on its partners in the media, private sector, and the state and local emergency management community to disseminate weather warnings.

Performance Goal for Commerce and Transportation: Support the Nation's commerce with information for safe, efficient, and environmentally sound transportation

DOC Strategic Goal 3: Observe, protect, and manage the earth's resources to promote environmental stewardship

General Goal/Objective 3.2: Enhance the conservation and management of coastal and marine resources to meet America's economic, social and environmental needs

Safe and efficient transportation systems are crucial economic lifelines for the Nation. NOAA's information products and services are essential to the safe and efficient transport of goods and people at sea, in the air, and on land and waterways. More accurate and timely warnings associated with severe weather threats, marine navigation products and services, and improved positioning data can better support the growing commerce on our road, rail, and waterways through improvements in transportation safety and just-in-time efficiencies. For example, the U.S. Marine Transportation System (MTS) ships over 95 percent of the tonnage and more than 20 percent by value of foreign trade through America's ports, including 48 percent of the oil needed to meet U.S. energy demands. Merchandise trade valued at over \$729 billion moved by maritime vessels between U.S. and foreign seaports in 2002. Container shipments increased 86 percent between 1992 and 2002. Every year, 134 million passengers are ferried to work and other destinations on U.S. waterways, along with 5 million cruise ship passengers. Better aviation weather information could significantly reduce the \$5 billion that is lost through economic inefficiencies as a result of weather-related air traffic delays. Improved surface forecasts and specific user warnings would likely reduce the 7,000 weather-related fatalities and 800,000 injuries annually from vehicle crashes.

As U.S. dependence on surface and air transportation grows over the next 20 years with significant increases in the volume of land transportation and the projected doubling of maritime trade, better navigation, and weather information will be critical to protect lives, cargo, and the environment. NOAA is committed to improve the accuracy of its marine forecasts, provide advanced electronic navigational charts and real-time oceanographic information, and maintain a precise positioning network that mariners need to navigate with confidence. Consistent, accurate, and timely positioning information derived from NOAA's positioning services is critical for air and surface activities such as aircraft landings and improving the safety and efficiency of road and rail delivery.

NOAA partners in the academic, government, and private sectors are essential to realizing this goal. Improved NOAA information will enable the private weather sector to provide better weather-related forecasts and information to their clients for improved efficiencies. NOAA will work with the Federal Aviation Administration and the private sector to reduce the impacts of weather on aviation without compromising safety. Reducing the risk of marine accidents and oil spills, better search and rescue capabilities, and other efficiencies that can be derived from improved navigation and coastal and ocean information and services could be worth over \$300 million annually around the Nation's coasts. NOAA will work with port and coastal communities, and with Federal and state partners, to ensure that port operations and development proceed efficiently and in an environmentally sound manner. On land, improvements in weather information will be used more effectively to reduce the \$42 billion annual economic loss and the 500 million vehicle hour delays attributed to weather-related crashes.

Program Initiative	FTE	Funding Request	Anticipated Impact	Location in the Budget
Hydrographic and Shoreline Data Efficiencies	-	\$ 900	Improve the accuracy of data acquisition and accelerate the delivery of navigation information to the maritime community for safe, efficient, and environmentally sound marine transportation. Reduces the amount of time it takes to collect hydrographic data, process it, apply it to the chart, and disseminate the chart to mariners.	NOS-13
Autonomous Underwater Vehicle (AUV)/Light Detection and Ranging (LIDAR) Research and Development	-	\$ 700	Increased rates of survey coverage, more effective deployment of personnel and fleet resources to survey complicated inshore areas, increased survey operation hours, greater accuracy and efficiency in ship-based multi-beam surveying by using AUVs to automate water column sampling for data validation.	NOS-10
National Vertical Transformation Tool Database (Vdatum)	-	\$ 1,000	Enables NOAA to begin work on expanding VDatum to Alaska, Hawai‘i, and territories in 2008 concurrently, much sooner than the 2011 start date under the FY 2006 funding level.	NOS-11
Increase Physical Oceanographic Real Time System® (PORTS) locations	-	\$ 700	Enable NOAA to expand the cost shared PORTS® partnership by approximately 35 additional U.S. seaports over a five-year time frame and enable a total of approximately 85 US seaports to have access to quality controlled real-time data.	NOS-26
Update Current Observations	-	\$ 500	Ensure that NOAA’s Annual Tidal Current Table predictions are accurate by systematically conducting observations to update tidal current predictions that are based on old or insufficient data. Increase the number of tidal current observation locations being updated from 70 per year to 90 per year (35 in priority areas and 55 in remaining areas), continuing the significant progress begun in FY 2006 toward an acceptable recycle rate (130 stations/year total) for the system.	NOS-25
Aviation Weather	-	\$ 1,200	Expands a multi-year effort to improve aviation weather services. Will enable procurement and fielding of 75 additional water vapor sensors as part of an Integrated Upper Air Observing system, and transition additional products to a digital environment.	NWS-25

Measure 4a: Reduce the Hydrographic Survey Backlog within Navigationally Significant Areas (square nautical miles surveyed per year)

Explanation of Measure

NOAA conducts hydrographic surveys to determine the depths and configurations of the bottoms of water bodies, primarily for U.S. waters significant for navigation. This activity includes the detection, location, and identification of wrecks and obstructions with side scan and multi-beam sonar technology and the Global Positioning System (GPS). NOAA uses the data to produce traditional paper, raster, and electronic navigational charts for safe and efficient navigation. In addition to the commercial shipping industry, other user communities that benefit include recreational boaters, the commercial fishing industry, port authorities, coastal zone managers, and emergency response planners. Ships traversing our coastal waters rely on charts based on sounding data that are more than 50 years old in many places. NOAA has identified approximately 510,000 square nautical miles of the U.S. Exclusive Economic Zone as navigationally significant and in need of resurvey. Since 1994, NOAA has focused primarily on surveying and reporting its accomplishments in the highest priority areas, many of which carry heavy commercial traffic, are less than 30 meters deep, and change constantly. However, this critical area constitutes only a small portion (8 percent) of the entire navigationally significant area used by large commercial vessels and recreational boaters. The square nautical miles reported in the table above reflect data collected within all areas designated as navigationally significant. NOAA's surveying activities balance in-house resources with private sector contracts and use the latest full-bottom coverage sounding technologies to survey the nation's coastal areas for navigation.

Weather, mechanical failure, and level of surveying difficulty are variables for both NOAA and its contractors, and therefore variances from the targets of +/- 50 square nautical miles per vessel are to be expected in a normal field season.

2007 Target

The FY 2007 production is now estimated at 2800 SNM due to best estimates of operational capability. The FAIRWEATHER will still carry two launches, rather than four, which reduces the number of miles this platform can collect. The RAINIER and its launches are showing their age; hull, engine, and equipment issues on this 40-year old vessel are expected to impact performance in 2006 as well as 2007. Planned performance may be enhanced by NOAA's evaluation of a pilot project to collect hydrographic data while vessels are en route. If successful, NOAA hopes to expand the effort to all NOAA platforms carrying multibeam sonar systems to increase square nautical miles of navigationally significant data gathered. Contracts for hydrographic services will continue to be focused in critical waters on the Alaskan coast and the Gulf of Mexico for FY 2006 and 2007.

Changes to FY2006 Target

Due to the problems cited above, the FY 2006 target was revised downward from 3,500 as reported in the FY 2006 APP.

Measure 4b: Percentage of U.S. counties rated as enabled or substantially enabled with accurate positioning capacity

Explanation of Measure

This new measure in FY 2006 tracks the progress of NOAA's Geodesy Program in facilitating the capacity of state and local governments and the private sector to utilize accurate positioning information. NOAA will track county level use of its Online Position User service (OPUS) to determine how well state and local governments are enabled with accurate positioning capacity. Assessing state and local government and private sector usage at the county level is the most appropriate geographic unit. County-level assessments offer entire U.S. coverage and an existing infrastructure for addressing spatial issues. Utilizing OPUS is the right indicator for how well a county is enabled with accurate positioning capacity, because its usage requires a high level of positioning sophistication. Further, OPUS is a necessary step in obtaining accurate positions.

The level of capacity varies across the nation. This variation is measured as deficient, sufficiently enabled, and enabled. Deficient capacity to conduct accurate positioning indicates that the county has not demonstrated it has the NOAA-enabled infrastructure, tools, and local capacity needed for accurate positioning. Substantially enabled capacity to conduct accurate positioning indicates the county has demonstrated it has the NOAA-enabled infrastructure, tools, and local capacity needed for accurate positioning. Enabled capacity indicates the county has validated NOAA-enabled infrastructure, tools, and local capacity needed for accurate positioning. This is indicated by having local interaction through, for example, a submitted and accepted OPUS project for inclusion in the NOAA's geodetic database.

FY 2006 and FY 2007 Targets

Respectively, the targets for FY 2006 and FY 2007 will be 37 percent and 47 percent of U.S. Counties rated as enabled or substantially enabled. In other words, the targets for FY 2006 and FY 2007, respectively, will be 35 percent and 42 percent of U.S. Counties rated as substantially enabled and 2 percent and 5 percent of U.S. Counties rated as enabled. FY 2006 and FY 2007 targets have been revised upward to reflect both increased user demand for the relatively new OPUS tool and the availability of more data from which to determine performance trends. Greater demand for OPUS is the result of effective outreach efforts and increased partner funding for new Continuously Operating Reference Stations (CORS) from which OPUS solutions are derived.

Measure 4c: Accuracy (%) and False Alarm Rate (FAR) (%) of Forecasts of Ceiling and Visibility (3 Miles/1000 Feet) (Aviation Forecasts)

Explanation of Measure

This measure originally covered "1/4 mile/200 feet." Conditions of a 200-foot ceiling and one quarter mile visibility are components of the FY 2002 and earlier performance measure accuracy and false alarm rate percentages. However, these conditions are rare events. Because of the infrequency of these conditions, the performance measure poorly captured the operational impact of NWS aviation forecasts. The NWS decided that a better criterion of

performance is an aviation performance measure based on a 1000-foot ceiling and three miles of visibility for both accuracy and false alarm rate, and is related to Instrument Flight Rules (IFR) conditions.

In accordance with the NWS strategic plan, this measure was added in FY 2000 to reflect a segment of customers that had not been represented in other performance measures. Visibility and cloud ceiling forecasts are critical for the safety of aircraft operations. Accurately forecasting the transition between Visual Flight Rule and IFR conditions significantly improve general and commercial aviation flight planning capabilities, improving both flight safety and efficiencies.

FY 2006 and 2007 Targets

NWS expects to see continued improvement of aviation forecasts for low ceiling and visibility. This will be accomplished through the implementation of an improved observational sensing strategy, higher resolution forecast models, and improved guidance tools integrated into AWIPS and the Aviation Forecast Preparatory System for our meteorologists to focus on this forecast challenge. In addition, training in low ceiling and visibility forecasting will be received by more NWS meteorologists in FY 2005.

Program Increases

The following program increase is directly related to this performance measure (\$K):

Aviation Weather	-	\$ 1,200	Expands a multi-year effort to improve aviation weather services. Will enable procurement and fielding of 75 additional water vapor sensors as part of an Integrated Upper Air Observing system, and transition additional products to a digital environment.	NWS-26
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Measure 4d: Accuracy (%) of Forecast for Wind Speed and Wave Height (Marine Forecasts)

Explanation of Measure

This measure was originally a “combined accuracy forecast for marine wind and wave.” The measure has been revised to reflect the individual wind speed and wave height components. This performance indicator measures the accuracy of wind and wave forecasts, which are important for marine commerce.

In accordance with the NWS strategic plan, this measure was added in FY 2000 to reflect another segment of customers (marine) that had not been represented in other performance measures. The FY 2005 and FY 2006 goals have been updated to reflect recent performance and reductions in ongoing NWS training, operations, and research funding in the FY 2005 enacted budget. Loss of funding for marine training workshops will

directly affect partnering opportunities to bring in marine experts outside NWS and NOAA to help train in marine meteorology. Partnerships make it possible for NWS to develop cost-effective expansion of the marine observation network and growth in research (i.e., GLERL wave model). Loss of research partnerships and fewer observations will translate into weaker scores.

FY 2006 and 2007 Targets

NWS will continue to improve marine forecast (wind speed and wave height) accuracy through the implementation of higher resolution models on AWIPS, enhanced observation networks, and expanded training for marine forecasting. More advanced smart tools applied to digital wind data should improve wave height forecasts. NWS partnerships with boating organizations (such as U.S. Power Squadron) have yielded more marine observations that can be displayed as plots on AWIPS. Future releases and upgrades to AWIPS Interactive Forecast Preparation System software used by NWS forecasters for forecasts and warnings will help NOAA attain outyear goals. The marine Professional Development Series effort continues, with three modules already on-line and six more expected on-line by the end of FY 2006.

Program Evaluation

NOAA's goal to promote safe navigation is evaluated at a variety of levels, from peer reviews of products, papers, and projects, to internal and external reviews of entire programs and quarterly reviews of NOAA's overall performance in navigation products and services. Constituent input is an important part of the evaluation process and is solicited regularly through constituent workshops.

From 1992 to 1996, a number of National Research Council Marine Board studies examined the nautical charting program and its transition into the digital era. NOAA incorporated study recommendations on areas such as reducing the survey backlog, implementing new digital production techniques, and delivering new electronic chart products to the program. The Hydrographic Services Improvements Act of 1998 provided Congress and NOAA an opportunity to evaluate NOAA's capabilities for acquisition and dissemination of hydrographic data, develop standards and formats for hydrographic services, and contract for the acquisition of hydrographic data. NOAA now contracts out over 50 percent of its annual critical area hydrographic survey requirements while maintaining Federal competence and expertise with existing and developing surveying technologies. NOAA is currently studying its contracting policy with a target date of April 2006 for publishing revisions.

In 1998, Congress authorized the Height Modernization study to evaluate the technical, financial, legal, and economic aspects of modernizing the national height system with GPS. The study demonstrated the significant benefits to the Nation in terms of dollars and lives saved associated with GPS technology, and it led to current development of the vertical component of the National Spatial Reference System. In 1999, NOAA completed an assessment of its tidal currents program to develop guidelines for future current surveys to update U.S. reference stations for the Tidal Current Tables. The September 1999 Report to Congress that assessed the U.S. Marine Transportation System (MTS) further articulated the need for coordinated Federal leadership to achieve the MTS vision of becoming the world's most technologically advanced, safe, efficient, globally competitive, and environmentally responsible system for moving goods and people. NOAA's navigation safety support functions

underwent substantial review to identify opportunities for greater integration among Federal agencies. More recently, the 2003 National Academy of Sciences Report on establishing a *Geospatial Framework for the Coastal Zone*, the Transportation Research Board's 2004 examination of the Federal Role in the Marine Transportation System, the 2004 U.S. Commission on Ocean Policy report and the U.S. Ocean Action Plan have guided NOAA's approach to integrating and delivering its Navigation Services programs.

Cross-cutting Activities

Intra-Department of Commerce

In partnership with the Technology Administration and National Telecommunications and Information Administration within the Department of Commerce and other civil agencies from all civil departments, NOAA participates on the Interagency GPS Executive Board, which with the Department of Defense jointly manages the GPS satellite program as a national asset. Now a dual-use system heavily employed by civilian and commercial sectors, GPS is a global information utility that the United States has committed to provide free to the world for use as the international standard for navigation, positioning, and timing.

Other Government Agencies

NOAA works closely with agencies such as the Department of Transportation (DOT), the U.S. Coast Guard, and the U.S. Army Corps of Engineers in support of Marine Transportation System goals and objectives to identify and improve navigation services for maritime commerce while preserving navigation and environmental safety. NOAA and DOT also cooperate on the development of the Nationwide Differential GPS System, which employs NOAA's Continuously Operating Reference Stations to enable highly accurate GPS positioning in three dimensions across the nation. This system benefits from a multipurpose cooperative effort among government, academia, and the commercial sector and supports numerous NOAA objectives and activities. In addition, NOAA and DOT's Federal Highways Administration are partnering to improve road weather forecasts for surface transportation, and NOAA is participating in the Next Generation Air Transportation System Joint Planning & Development Office with the Federal Aviation Administration and other agencies to improve aviation weather for efficiency gains and safety improvements. NOAA's navigation and weather for transportation services also play a role in emergency and Homeland Security preparation and response.

External Factors and Mitigation Strategies

Weather has a significant impact on the promotion of safe navigation activities. Both in-house and contract hydrographic survey schedules can be affected by adverse weather conditions and equipment failure, as can aerial photography flights scheduled for shoreline photogrammetry. Storm damage frequently renders water-level stations inoperable, affecting surveying capabilities and real-time observations of water levels and currents so critical to safe navigation. Natural disasters such as earthquakes and hurricanes can elevate the need to survey an area because of shoreline changes or obstruction accumulation; man-

made impacts such as shifts in shipping patterns, newly regulated shipping lanes, port expansions, or wrecks will also impact NOAA's survey schedule. Finally, in addition to mission activities, NOAA ships and aircraft provide immediate response capabilities for unpredictable events such as search and recovery efforts after the TWA Flight 800 and Egypt Air Flight 990 crashes; damage assessments after major oil spills such as the Exxon Valdez and the grounding of the New Carissa off the Oregon coast in 1999; and severe hurricanes, most recently Isabel in 2003, Charlie and Ivan in 2004, and Dennis in 2005. NOAA mitigates these impacts with backup plans for relocating assets to other projects, or by reassessing survey schedules.

Performance Goal for Mission Support: Provide critical support for NOAA’s Mission

DOC Strategic Goal 3: Observe, protect, and manage the earth’s resources to promote environmental stewardship

Strong, effective, and efficient support activities are necessary for us to achieve our Mission Goals. Our facilities, ships, aircraft, environmental satellites, data-processing systems, computing and communication systems, financial and administrative offices, and our approach to management provide the foundation of support for all of our programs. This critical foundation must adapt to evolving mission needs and, therefore, is an integral part of our strategic planning. It also must support US homeland security by providing NOAA services, such as civil alert relays through NOAA Weather Radio and air dispersion forecasts, in response to national emergencies. NOAA ships, aircraft, and environmental satellites are the backbone of the global Earth observing system and provide many critical mission support services. To keep this capability strong and current with our Mission Goals, we will ensure that NOAA has adequate access to safe and efficient ships and aircraft through the use of both NOAA platforms and those of other agency, academic, and commercial partners. We will work with academia and partners in the public and private sectors to ensure that future satellite systems are designed, developed, and operated with the latest technology. In addition, safe and adequate facilities and state-of-the-art information technology are essential to the improvement of NOAA’s operations and service delivery. NOAA’s long-range facility planning and comprehensive maintenance planning are underway with the goal to ensure right-sized, cost-effective, and safe facilities.

To achieve our Mission Goals, we must also commit to organizational excellence through management and leadership across a “corporate” NOAA. We will provide effective administrative, financial, and information technology services that enable us to deliver effective products and services. We will continue to improve the policy, programmatic, and managerial functions that support our Mission Goals. Our administrative and finance programs will ensure effective communication inside and outside NOAA, and efficient management of our assets, business processes, and financial resources.

Program Initiative	FTE	Funding Request	Anticipated Impact	Location in the Budget
General Counsel – PRC	2	\$150	Provides necessary procedural and legal advice in Honolulu, Hawai‘i to support decision-making by NOAA at the Western Pacific Fishery Management Council, as well as National Ocean Service in connection with National Marine Sanctuaries matters.	PS-7
End-to-End Resource Management System	-	\$2,000	Funding will be used to acquire and implement an integrated system to supporting NOAA’s planning, programming, budgeting, and execution processes. Implementation of an integrated end-to-end resource management system will provide the information needed for the effective implementation of GPRA within NOAA. The system will reduce the need for manual processes, increase user friendliness, speed information to decision makers, and lessen the reliance on "cuff"	PS-15

			systems to formulate, execute, and track NOAA's budget.	
Facilities Program office - trans from NWS	-	\$ 1,000	Transfers Planning and Design funding from the National Weather Service, WFO Construction to the Facilities Planning and Design Fund. Funds will be applied to products or deliverables commonly incorporated in feasibility studies, program/schematic design, scope definition and conceptual planning.	PS-33
Office of Education and Sustainable Development	-	\$3,463	Provides funding to continue implementation of the NOAA Education Plan, as well as priority education recommendations of the (US Commission on Ocean Policy) USCOP and fund the JASON Education and Outreach programs.	PS-24
Pacific Region Center	-	\$23,753	This project will consolidate NOAA's current locations on the island of O'ahu (with the exception of the Weather Forecast Office), including docking space for the three NOAA ships currently based in Hawai'i. This project would serve the long-term and unique needs of a science and research facility, provide space needed to support the needs of NOAA and its international efforts with the Pacific Rim nations, afford the opportunity for management consolidation in a new facility, and provide a facility that allowed NOAA to make its program and science more accessible to the public.	PAC-84
Maritime Crew Safety and Rotation	-	\$1,200	To enable NOAA to enhance safety aboard NOAA vessels. NOAA's fleet has experienced a high turnover rate; this program will use positions throughout the fleet to improve time off availability for personnel with the goal of stemming the departure of well-trained personnel. The principal intent of crew safety-training and rotation is to provide sufficient manpower in order to safely navigate; to conduct safe operations; to respond to potential emergencies (i.e., fire, accidents, etc.); and to provide adequate maintenance for the NOAA Fleet.	PS-45
Remote and Advance Diving Program	-	\$940	In order to close the deficiency gap between the 100% program requirement and the current diving program, two additional hyperbaric treatment systems and three hyperbaric stretchers are needed. The hyperbaric stretchers will be used to transfer an injured diver to a treatment chamber. Additional requirements include developing and procuring new advanced diving technologies, funding logistics associated with transport and support of the hyperbaric systems, and preparing office and equipment storage space at the NOAA Diving Center.	PS-48
G-IV Instrumentation	-	\$680	To support the G-IV instrumentation upgrade the NOAA G-IV aircraft is being modified by adding extensive instrumentation in order to provide data to the National Weather Service (NWS) Hurricane Weather Research and Forecasting (HWRF) computer model. This instrumentation will provide the operational and maintenance support required to operate and maintain the instrumentation on the aircraft, process	PS-62

			and transmit the data from the aircraft, and receive, conduct quality control, format, and submit the data for assimilation into the HWRF model.	
Operations and Maintenance of New NOAA Vessels	-	\$4,100	NOAA requests an increase of 0 FTEs and \$6,000,000 for the additional operational needs of NOAA's new vessels. These ships are newer additions to NOAA's fleet over the last two years and have fuel, supply, and crew needs that cannot be absorbed in NOAA's current budget.	PS-50
FSV #3 Operations	5	\$ 400	For first-year operation of NOAA's third vessel in a four-vessel construction contract. FSV 3 will join the Alaska and North East FSVs in providing high-quality series surveys and data collection for the NOAA Fisheries Southeast Science Center Mississippi Laboratory. FSV 3 is scheduled to be delivered fourth quarter, FY 2007. The vessel will be homeported in Pascagoula, Mississippi.	PS-53
Maintenance Differential for NOAA Ships	-	\$2,000	The newer additions to NOAA's fleet have higher costs for maintenance, repairs and spare parts that can not be absorbed in NOAA's current budget. By stocking the vessels with spare parts, disruptions in scientific cruises due to early returns to homeports or detours to other piers for unexpected repairs will be averted.	PS-56
FSV #3 Maintenance	-	\$ 100	For first-year maintenance of NOAA's third vessel in a four-vessel construction contract FSV 3 will join the Alaska and North East FSVs in providing high-quality series surveys and data collection for the NOAA Fisheries Southeast Science Center Mississippi Laboratory. FSV 3 is scheduled to be delivered fourth quarter, FY 2007. The vessel will be homeported in Pascagoula, Mississippi.	PS-57
FSV #3 Construction	-	\$ 5,600	To restore construction funds rescinded in FY 2004 from the FSV construction program FSV 3 is NOAA's third vessel in a four-vessel construction contract, and the ship will come on line late in FY 2007. The continued construction of this FSV will enable NOAA to acquire acoustically quiet ships that reduce behavioral responses of species during surveys and minimize interference with hydroacoustic signals. The ships also permit extended research missions and are capable of performing multiple missions including surveys using many different methods of fishing and physical and biological oceanography.	PAC-98
Aircraft Equipment and Technology Refreshment	-	\$1,900	Primary data instrumentation on NOAA aircraft is aging to the point of being unsupportable. Precision laser probes used to measure cloud particles have been in service for almost 30 years, far exceeding the normal serviceable life for this type of instrument. Similarly, the liquid water probes were originally purchased in the 1970s. However this program will provide data collection and data transmission upgrades for various aircrafts for both the support of Weather and Water and other	PAC-113

			NOAA goals and members of the NOAA user community.	
Vessel Equipment and Technology Refreshment	-	\$ 5,800	The SWATH affords a significant improvement in seakeeping (increased stability), thereby allowing it to operate in higher sea states. By providing operational expertise on this leading-edge mission equipment, NOAA personnel participation and management of hydrographic survey operations and integration of the latest survey technology will be enhanced. Equipment to be purchased includes a Multi-beam Sonar, a High-Speed / High-Resolution Side Scan Sonar, Vessel Motion and Positioning Sensors, and an Underway Sound Velocity Profiler.	PAC-95
Hydro Survey Launch Construction	-	\$ 3,600	Funds provide for the construction of six Hydrographic Survey Launches. These survey launches will significantly increase the capacity of the NOAA fleet to collect hydrographic data. Survey launches are a force multiplier that contributes to the reduction of NOAA's backlog of Navigationally Significant areas. New survey launches with greatly improved reliability, handling, and speed will enhance hydrographic data collection rates.	PAC-105
ASSERTIVE Conversion	-	\$1,000	Funds develop engineering design for a Navy T-AGOS vessel, ASSERTIVE, to replace NOAA's fisheries survey vessel, DAVID STARR JORDAN, which studies the biological and physical oceanography of the southwestern U.S. coast and the eastern tropical Pacific. The ASSERTIVE will enable NOAA Fisheries to continue to collect data currently being acquired by DAVID STARR JORDAN, thereby preventing fish over-harvest or implementation of more conservative management regimes that may negatively impact the fiscal well being of harvesters, processors, and the supply of seafood available to the public.	PAC-106
HENRY B. BIGELOW Calibration	5	\$3,500	Funds the cost associated with the calibration of the HENRY B. BIGELOW (FSV2) with the ship it eventually will replace, ALBATROSS IV. Funding will be required to meet the 18-month overlap requirement to calibrate ground fish surveys. This overlap will be performed to maintain the consistency and continuity of stock assessments time-series data. It is imperative to replace the capabilities of existing platforms with new vessels and technologies that are calibrated with older vessels by performing side-by-side surveys.	PAC -101
Temporary Berthing of BIGELOW	-	\$1,000	Addresses berthing issues associated with delivery of NOAA's second new FSV, HENRY B. BIGELOW, which is to homeported at the NOAA's Northeast Fisheries Science Center (NEFSC) at Woods Hole, Massachusetts. Funding is needed to provide temporary berthing of BIGELOW while the agency analyses homeporting options for this new Fisheries Survey Vessel.	PAC-108

Global Earth Observing Integrated Data Environment (GEOIDE)	-	\$2,000	Develop and implement a NOAA integrated data management system of systems plan. Identify commonalities among data management systems and determine where integration is needed to meet validated requirements. Analyze costs/benefits to determine levels and priorities for integration and build enabling components needed for integration. Identify and evaluate Goal Theme data management systems suitable for integration and develop integrating elements for the highest priority systems. Enhance our ability to address societal issues by providing easier access and use data and information from several theme areas; enable access to data and information across various NOAA goals, programs and observing systems in timely, scientifically valid, and user-friendly ways; and lower the cost of doing business through improved efficiency and reduced duplication.	NESDIS-10
NPOESS	-	\$20,278	NOAA's share of the converged NOAA/DoD/NASA NPOESS program that will replace the NOAA POES program. Continue development and production of the NPOESS instruments, including the Visible Infrared Image radiometer (VIIRS), the Conical Microwave Imager Sounder (CMIS), the Cross-track Infrared Sounder (CrIS), the Ozone, Mapping and Profiler Suite (OMPS), the Aerosol Polarimetry Sensor (APS), and the Space Environmental Sensing Suite (SESS).	PAC-47
GOES R	-	\$105,300	Continue the procurement of spacecraft, instruments, launch services, and ground systems equipment necessary to maintain an uninterrupted flow of environmental data to users. GOES data supports: cloud images and precipitation estimates for hurricanes; sea surface temperature products for locating commercial and sport fish as well as protected marine species; weather information to emergency managers in times of severe weather and during other disasters; new research products, such as ocean surface currents, that support both ecosystems management and safety of marine navigation; primary information in the Nation's Climate Reference Network; images of the U.S. and adjacent ocean areas to enable the detection of hurricanes and other major weather events; data collection from remote fixed observing platforms such as buoys and rain gauges for use in numerical weather prediction models and flood/drought assessments; a means to obtain quantitative environmental data such as temperature, moisture, wind, radiation and solar energy particle flux for use in weather predictions, hydrometrological flux, climate long term trending, ecosystems management, commercial economic gain, and transportation safety; and unique monitoring capabilities that support air, land, and marine transportation.	PAC-40

LANDSAT	-	\$2,000	Continue the integration of Landsat sensors for incorporation on NPOESS satellites C1 and C4. NOAA, NASA, and USGS have cooperatively implemented a continuity plan for Landsat. Under this plan, NOAA is responsible for funding sensor integration, as well as future continuity of the data sets. The inclusion of LANDSAT data will enhance land and coastal observations for NPOESS by providing seasonal global coverage at a 30m spatial resolution.	PAC-50
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There are no GPRA measures for the Mission Support goal since the activities of this goal support the outcomes of the Mission goals. NOAA is developing new and improving existing internal management performance measures for the Mission Support Goal.

NOAA Data Validation and Verification

NOAA’s Budget Office coordinates an annual review of the performance data to ensure that it is complete and accurate. During this process, significant deviations from projected targets, if any, are discussed with the appropriate NOAA Line Office so that changes or corrections can be made to help meet NOAA’s performance goals. The actual validation process is conducted by individual NOAA Line Offices. The verification aspects depend on individual Line Office. For oceans and fisheries-related measures, stock assessments and reviews (internal, and/or peer) are common. For weather related measures, the verification process is, among other things, through comparison of predicted weather to the actual event. For the climate-related measures, verification is through, among other things, quality control of data. Satellite data are compared with on site data to help validate data accuracy.

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
Measure 1a: The Fish Stock Sustainability Index (FSSI)	Stock assessments and status determinations	Quarterly	NMFS Stock Information System (SIS)	Results will be reported monthly in a signed memo from the Fishery Management Program Manager to the NMFS Chief Financial Officer and are housed and made available on an intranet site managed by the NMFS Office of Management and Budget; monthly reporting on performance to NOAA Deputy Under Secretary	Results can only be reported when the SIS is updated with new information from the field	
Measure 1b: Percentage of Living Marine Resources with Adequate Population Assessments and Forecasts	Stock assessments reports and ESA status reviews	Quarterly	NMFS Stock Information System (SIS) and Excel spreadsheet maintained by NMFS’s Office of Protected Resources	Results will be approved by the NMFS Chief Science Advisor and reported monthly in a signed memo from the Ecosystem Observations Program Manager to the NMFS Chief Financial Officer and are housed and made available on an intranet site managed by the NMFS Office of	Results can only be reported when the SIS is updated with new information from the field	Discussions are ongoing to include protected species in the NMFS Stock Information System

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
				Management and Budget; monthly reporting on performance to NOAA Deputy Under Secretary		
Measure 1c: Number of protected species designated as threatened, endangered, or depleted with stable or increasing population levels	MMPA stock assessment reports and ESA status reviews	Annual	Excel spreadsheet maintained by NMFS's Office of Protected Resources	Results are reported monthly in a signed memo from the Protected Species Program Manager to the NMFS Chief Financial Officer and are housed and made available on an intranet site managed by the NMFS Office of Management and Budget; monthly reporting on performance to NOAA Deputy Under Secretary	MMPA stock assessment reports are updated only once a year and ESA status reviews are updated only every one to five years depending on priority and fund availability	Discussions are ongoing to include protected species in the NMFS Stock Information System
Measure 1d: Number of acres of coastal habitat restored (annual/cumulative)	Interim and final progress reports from each project	Quarterly	The Restoration Center Database (RCDB)	Results are reported monthly in a signed memo from the Habitat Program Manager to the NMFS Chief Financial Officer and are housed and made available on an intranet site managed by the NMFS Office of Management and Budget; monthly reporting on performance to NOAA Deputy Under Secretary	Data is primarily provided by grantees	None
Measure 2a: U.S. temperature – skill score	Forecast data, observations from U.S. Weather Forecast Offices, and from a	Monthly	NWS's National Centers for Environmental Prediction	NOAA performs quality control on the observed data (for example, error checking, elimination of duplicates, and inter-station comparison) both at the CPC and U.S. Weather	Because of natural (and unpredictable) variability of climate regimes, the skill score can fluctuate considerably from one season to another. For	None

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
	cooperative network maintained by volunteers across the nation			Forecast Office level. In June 2005, NOAA has also implemented an objective verification procedure to minimize the impact of human errors in the computation of skill score; monthly reporting on performance to NOAA Deputy Under Secretary	example, for the periods influenced by a strong ENSO forcing, GPRA measure tends to be high. Lower scores occur during the periods when ENSO is in its neutral phase.	
Measure 2b: Reduce the Uncertainty in the Magnitude of the North American Carbon Uptake	NOAA's Global Carbon Cycle Research Program	Annual	Climate Monitoring and Diagnostics Laboratory	Quality assurance and calibration against known standards performed by NOAA	Number of tall tower/aircraft sites and our ability to incorporate these data into advanced carbon models	None
Measure 2c: Reduce the Uncertainty in Model Simulations of the Influence of Aerosols on Climate	NOAA's Atmospheric Composition and Climate Program	Annual	Aeronomy Laboratory	Quality assurance and comparisons against 2001 international assessments by leading experts in the aerosol-climate community	Number of monitoring sites, process studies, and our ability to include these in global models	None
Measure 2d: Determine the Actual Long-term Changes in Temperature and Precipitation Over the United States	NOAA's National Climatic Data Center	Monthly	NOAA's National Climatic Data Center	Monte Carlo simulations based on operation stations; monthly reporting on performance to NOAA Deputy Under Secretary	Number of stations commissioned in the Climate Reference Network	None
Measure 2e: Reduce the Error in Global Measurement of Sea Surface Temperature	NOAA's Office of Climate Observations	Quarterly	Pacific Marine Environmental Laboratory	Quarterly reporting mechanism on uncertainty in sea surface temperature measurements; quarterly reporting on performance to NOAA Deputy Under Secretary	Number of deployed observing platforms in the global ocean	None

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
Measure 2f: Improve society's ability to plan and respond to climate variability and change using NOAA climate products and information.	NOAA's Office of Global Programs	Annual	NOAA's Office of Global Programs	Annual assessments of grants awarded and published risk and impact assessment/evaluations communicated to decision makers	Number of studies assessing societal impacts of climate information on stakeholders	None
Measure 3a: Lead time (minutes), accuracy (%), and false alarm rate (FAR, %) of severe weather warnings for tornadoes	National Weather Service (NWS) field offices	Monthly	NWS headquarters and the Office of Climate, Water, and Weather Services (OCWWS)	<p>Verification is the process of comparing the predicted weather to reported event. Warnings are collected from every NWS office, quality controlled, and matched to confirmed tornado reports. Reports are validated by WFOs using concise and stringent guidelines outlined in NWS Instruction 10-1605. From these data, verification statistics are computed. OCWWS monitors monthly performance throughout the NWS, and the regional headquarters monitor performance within their respective regions.</p> <p>All data is reported on to NWS and NOAA leadership on a monthly basis.</p>	<p>Only confirmed tornado reports are used to verify tornado warnings. Radar reports are not used. If a tornado occurs but is not reported, it doesn't go into the database for verification. Therefore, it is possible for tornadoes to be under-reported, especially in sparsely populated areas.</p> <p>While long-term performance has shown a steady increase in forecast accuracy, inter-annual scores tend to fluctuate due to varying weather patterns from year to year. Some weather patterns are more difficult to forecast than others.</p>	Review all warnings and storm data after each event to learn from past experiences. Use the information learned to improve forecast skill and product quality in the future.

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
					<p>Forecasters perform better during large outbreaks due a high level of situational awareness, well defined tornadic radar images, and increased confidence based on tornado reports which verify warnings during these large scale events. These three factors lead to longer lead times, higher accuracy, and lower false alarm rates. The peak level of tornadic activity occurs April through June each year. A secondary peak activity time period is October and November in the southeastern United States.</p>	
<p>Measure 3b: Lead Time (Minutes) and Accuracy (%) for Severe Weather Warnings for Flash Floods</p>	<p>National Weather Service (NWS) field offices</p>	<p>Monthly</p>	<p>NWS headquarters and the Office of Climate, Water, and Weather Services (OCWWS)</p>	<p>Verification is the process of comparing the predicted weather to reported event. Warnings are collected from each NWS office, quality controlled, and matched to confirmed flash flood reports. Reports are validated by WFOs using concise and</p>	<p>While long-term performance has shown a steady increase in forecast accuracy, inter-annual scores tend to fluctuate due to varying weather patterns from year to year. Some weather</p>	<p>Review all warnings and storm data after each event to learn from past experiences. Use the information learned to improve</p>

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
				<p>stringent guidelines outlined in NWS Instruction 10-1605. OCWWS monitors monthly performance throughout the NWS, and the regional headquarters monitor performance within their respective regions.</p> <p>All data is reported on to NWS and NOAA leadership on a monthly basis.</p>	<p>patterns are more difficult to forecast than others.</p> <p>Typically, 1st and 2nd Quarters have higher lead times, while the 3rd and 4th Quarters, during the convective season, bring the annual average down. Spring/summer mesoscale events (e.g., thunderstorms) are more difficult to predict than larger synoptic scale systems; hence lower scores are expected in the 3rd and 4th quarters.</p>	<p>forecast skill and product quality in the future.</p>
Measure 3c: Hurricane Track Forecasts Error (48 Hours)	NWS/Tropical Prediction Center (TPC)	Annual	TPC	<p>Hurricane storm verification is performed for hurricanes, tropical storms, and tropical depressions regardless of whether these systems are over land or water. The TPC issues track and intensity forecast throughout the life of a hurricane. The actual track and intensity are verified through surface and aircraft measurements. NOAA calculates the average accuracy of the</p>	<p>Verification of actual track and intensity versus forecast is very accurate. However, actual annual scores vary up to 20% in some years due to the type and location of the hurricane events. Some types of systems can be more accurately forecasted than others. For example, hurricanes that begin in the</p>	<p>NOAA will report on the tracking of forecasts at 24, 48 and 72-hour intervals.</p>

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
				<p>TPC track and intensity forecasts for the Atlantic basin at the end of each hurricane season. Reported errors are for hurricane and tropical storm stages only because of a more limited historical verification record for tropical depressions.</p> <p>All data is reported on to NWS and NOAA leadership on an annual basis.</p>	<p>northern sections of the hurricane formation zone tend to be much harder to accurately forecast. Out-year measures depend on a stable funding profile and take into account new satellites, improved forecast models, new and continued research activities of the U.S. Weather Research Program (USWRP), and investments in critical observing systems</p>	

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
<p>Measure 3d: Accuracy (%) (Threat Score) of day 1 precipitation forecasts</p>	<p>The Hydrometeorological Prediction Center and state agencies</p>	<p>Monthly</p>	<p>World Weather Building</p>	<p>The Hydrometeorological Prediction Center has produced Quantitative Precipitation Forecasts since the early 1960s and has kept verification statistics related to the Quantitative Precipitation Forecast program since that time. HPC forecasters work under the supervisory control of the Senior Branch Forecaster (SBF), who is responsible for the quality and content of all products issued during the shift. The SBF having the additional duty of 24 hour precipitation forecast verification verifies the precipitation forecasts.</p> <p>All data are examined for accuracy and quality control procedures are applied, as described in the Description of Measure section.</p> <p>Verification is the process of comparing the predicted precipitation amounts to the observed amounts over the conterminous U.S.</p> <p>All data is reported on to NWS and NOAA leadership on a monthly basis.</p>	<p>The 40-year record of performance indicates there can be considerable variation in the performance measure from year to year. This variation is heavily dependent on the variation of weather regimes over the course of a year and from year to year. Scores are usually lower, for example, in years with considerable summertime precipitation not associated with tropical cyclones.</p>	<p>NOAA will implement planned weather observation and numerical modeling improvements along with ongoing research projects. The Hydrometeorological Test Bed will be expanded to accelerate the transition of research advancements into the operational prediction of precipitation.</p>

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
Measure 3e: Lead Time (Hours) and Accuracy (%) of Winter Storm Warnings	National Weather Service (NWS) field offices	Quarterly	The regional headquarters, NWS headquarters and the Office of Climate, Water, and Weather Services (OCWWS)	Verification is the process of comparing predicted weather to a reported event. Warnings are collected from each NWS office, quality controlled, and matched to confirmed winter storm reports. Reports are validated by WFOs using concise and stringent guidelines outlined in NWS Instruction 10-1605. OCWWS monitors monthly performance throughout the NWS, and the regional headquarters monitor performance within their respective regions. All data is reported on to NWS and NOAA leadership on a quarterly basis.	While long-term performance has shown a steady increase in forecast accuracy, inter-annual scores tend to fluctuate due to varying weather patterns from year to year. Some weather patterns are more difficult to forecast than others.	Review all warnings and storm data after each event to learn from past experiences. Use the information learned to improve forecast skill and product quality in the future.
Measure 3f: Cumulative percentage of U.S. shoreline and inland areas that have improved ability to reduce coastal hazard impacts	National Ocean Service (NOS) Coastal Services Center, National Satellite, Data and Information Service (NESDIS) National Coastal Data Development	Quarterly	NOS and NESDIS will collect information, conduct assessments, and store data.	This measure tracks the cumulative percent of shoreline and inland areas with improved ability to reduce the impact of coastal hazards. In the past, the types of projects included in the reported results differed from one year to the next; therefore, the potential for counting a	This measure tracks the development and implementation of the Coastal Risk Atlas as an indicator of improved ability to identify the extent and severity of coastal hazards. Reaching these targets are will depend on the	None

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
	Center and other federal and state agencies			portion of the shoreline more than once existed. For example, one year a project may improve an area's ability to reduce the impacts of hurricanes, and then another year a separate project may improve the same area's ability to reduce the impacts of another coastal hazard such as inland flooding. To avoid confusion, this measure currently only tracks the development and implementation of the Coastal Risk Atlas. All data used in the Coastal Risk Atlas are quality controlled and the risk assessment methodologies have been peer reviewed; quarterly reporting on performance to NOAA Deputy Under Secretary	activities of other federal and state agencies with management responsibilities in this area.	
Measure 4a: Reduce Hydrographic survey backlog within navigationally significant areas (square nautical miles surveyed per year)	Progress reports on data collected from hydrographic survey platforms	Monthly	National Ocean Service maintains hydrographic survey performance data at NOAA's Office of Coast Survey Hydro Surveys	National Ocean Service applies its established verification and validation methods. The measure has a +/- 50 square nautical mile variance. Targets are set annually based on resources available; monthly reporting on performance to NOAA	NOAA-owned ships and contractor survey assets can be affected by changes in vessel availability or condition. Weather can also affect scheduled surveys.	National Ocean Service maintains hydrographic survey performance data at NOAA's Office of Coast Survey Hydro Surveys

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
			Division.	Deputy Under Secretary		Division.
Measure 4b: Percentage of U.S. counties rated as enabled or substantially enabled with accurate positioning capacity (Goal: Increase percentage of counties rated as substantially or fully enabled, with the infrastructure, tools, and demonstrated local capacity for accurate positioning, from 25.34% in 2004 to 90% in 2011).	NOAA's Online Position User Service (OPUS)	Monthly	Automated database at National Ocean Service	NOAA will validate a County's capacity for local positioning through direct coordination with localities, such as OPUS project acceptance by NOAA. By assessing the user needs of county surveyors, counties, and their associations, NOAA will validate that the Geodesy Program is meeting local positioning needs; monthly reporting on performance to NOAA Deputy Under Secretary.	OPUS Customer data is limited and will be expanded through Paperwork Reduction Act-approved surveys of customers who use the OPUS web site for precision positioning.	Analyze OPUS e-mail domain names to categorize and inventory OPUS users. Validate OPUS web site hits as a measure of use and benefit. Conduct a socio-economic analysis to validate OPUS benefits and who OPUS users are. Develop schema based on census data for scaling counties by area, population, and economic activity. Develop "county-based accurate positioning scorecard" with our partners.
Measure 4c: Accuracy (%) and FAR (%) of Forecasts of Ceiling and Visibility (Aviation Forecasts)	NWS field offices	Monthly	NWS headquarters and OCWWS	Forecasts and observations are collected from each airport for which the NWS issues a forecast. The OCWWS stores and	Due to the large volume of data gathered and computed, documentation for	Forecasters within each WFO will continue to monitor their

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
				<p>quality controls all data, compares forecasts to observations, and computes verification statistics.</p> <p>Forecasters within each WFO are able to stratify verification statistics to his/her personal scores on specific days to learn from recent experience.</p> <p>WFO managers regularly monitor forecast performance. The regional headquarters and the OCWWS monitor performance monthly for their respective management areas.</p> <p>All data is reported on to NWS and NOAA leadership on a monthly basis.</p>	<p>this measure cannot be finalized until well into the following fiscal year. Out-year measures depend on a stable funding profile and take into account improved use of the WSR-88D, new satellites, improved forecast models, new and continued research activities of the USWRP, investments in critical observing systems, and implementation of AWIPS.</p> <p>Inter-annual scores tend to fluctuate due to varying weather patterns. Some patterns are more difficult to forecast than others.</p> <p>Year to year variability is plus or minus 3 percent for both Accuracy and FAR. Typically, 3rd and 4th quarter scores during the convective</p>	<p>recent past forecast performance to learn from experience.</p> <p>The regional headquarters and the OCWWS will continue to monitor performance monthly for their respective management areas.</p>

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
					season have lower accuracy scores and increased FARs than the 1 st and 2 nd Quarter cool season months.	
Measure 4d: Accuracy (%) of Forecast for Winds and Waves (Marine Forecasts)	NWS field offices	Monthly	The NWS and the National Centers for Environmental Prediction's Ocean Modeling Branch	<p>Verification is the process of comparing the predicted weather with the actual event.</p> <p>Forecasts and observations are collected from each marine zone for which the NWS issues a forecast. The OCWWS stores and quality controls all data, compares forecasts to observations, and computes verification statistics.</p> <p>WFO managers regularly monitor forecast performance. The regional headquarters and the OCWWS monitor performance monthly for their respective management areas.</p> <p>All data is reported on to NWS and NOAA leadership on a monthly basis.</p>	<p>Due to the large volume of data gathered and computed, documentation for the accuracy of forecast for wind and waves cannot be finalized until well into the following fiscal year. Out-year measures depend on a stable funding profile and take into account improved use of the WSR-88D, new satellites, improved forecast models, new and continued research activities of the USWRP, investments in critical observing systems, and implementation of AWIPS.</p> <p>Inter-annual scores tend to fluctuate due to varying weather</p>	NOAA will deploy enhanced versions of AWIPS, upgrade new forecast models, implement new wave forecast models, and improve communication and dissemination techniques to marine users.

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
					<p>patterns. Some patterns are more difficult to forecast than others. Marine wind speed and wave height forecasts scores naturally vary (accuracy +/- 4% per year) due to fluctuations in the number of extreme events measured over NWS marine areas per year.</p>	

FY 2007 President's Budget – NTIA PERFORMANCE PLAN

Exhibit 3A

FY 2007 Annual Performance Plan

National Telecommunications and Information Administration

National Telecommunications and Information Administration Mission Statement

The National Telecommunications and Information Administration (NTIA) serves as the President's principal adviser on telecommunications and information policy matters and develops forward looking spectrum policies that ensure efficient and effective spectrum access and use. NTIA manages all spectrum use by Federal government departments and agencies and examines how the radio frequency spectrum is used and managed in the United States. A large part of NTIA's policy activities is devoted to making spectrum use more efficient and identifying opportunities to make encumbered spectrum available to new uses. Both domestically and internationally, NTIA will foster competition and universal service in telecommunications, will promote broadband deployment, will continue to oversee the transition of the Internet domain name system to the private sector, and will continue to advance the Administration's positions on VOIP, ENUM, IPv6, and cybersecurity. NTIA's research laboratory, the Institute for Telecommunication Sciences (ITS), will perform telecommunications research, conduct cooperative research and development with U.S. industry and academia, and provide technical engineering support to NTIA and to other Federal agencies. NTIA's policy, spectrum management, and research programs will support emerging technologies and uses of spectrum resources for affordable, alternative communications services.

NTIA's activities support DOC Strategic Goal 2, Foster Science and Technological Leadership by protecting intellectual-property, enhancing technical standards and advancing measurement science, and General Goal/Objective 2.3, Advance the development of global e-Commerce and enhanced telecommunications and information services. NTIA's functions promote science and technological leadership through basic research in telecommunications technologies, support for U.S. positions in international standard-setting bodies, promotion of advanced telecommunications and information infrastructure development in the United States, enhancement of domestic competitiveness, improvement of foreign trade opportunities for U.S. telecommunications firms, and facilitation of more efficient and effective use of the radio spectrum. These activities directly benefit the American public through the universal, affordable availability of advanced telecommunications such as broadband and wireless services. Telecommunications and information technologies support productivity, growth and job creation in most industrial sectors. NTIA's activities will therefore promote U.S. economic success and lead to a new period of economic acceleration and job expansion.

In a “Memorandum for the Heads of Executive Departments and Agencies” dated November 30, 2004, the President directed that an Implementation Plan be developed in FY 2005 for the recommendations contained in a two-part series of reports released by the Secretary of Commerce in June 2004, under the title *Spectrum Policy for the 21st Century - The President’s Spectrum Policy Initiative Reports*. The President also directed among other things that the Secretary of Commerce shall develop a Federal Strategic Spectrum Plan and shall assist in the formulation of a National Strategic Spectrum Plan. The purpose of the Initiative is to promote the development and implementation of a U.S. spectrum policy that will foster economic growth; ensure our national and homeland security; maintain U.S. global leadership in communications technology development and services; and satisfy other vital U.S. needs in areas such as public safety, scientific research, federal transportation infrastructure, and law enforcement. The bulk of NTIA’s resources will be directed toward achieving the President’s goal of spectrum management reform. NTIA’s spectrum management activities are intertwined with its policy activities in that existing uses of spectrum by both the private and federal sectors must be examined to determine how spectrum management changes will affect new and innovative spectrum-using services that provide benefits to all consumers. NTIA also will continue to examine an array of spectrum management policy issues dealing with innovative approaches to spectrum management and the effectiveness of current processes. This examination will be conducted in tandem with the FCC’s proceedings on spectrum management policy, in which NTIA will participate on behalf of the Administration.

Another of NTIA’s primary missions is to serve as the President’s principal policy advisor on domestic and international telecommunications and information issues and to be the Administration’s primary voice on them. NTIA will fulfill this policy-setting role in a number of ways: by advocating globally for foreign regulatory and policy regimes that encourage competition and innovation; by preparing and issuing special reports on topics of broad interest; providing the Administration’s views on actions proposed by the Federal Communications Commission (FCC); issuing requests for public comment on specific issues; and encouraging dialogue with the private sector through sponsorship and participation in conferences, workshops, and other forums.

NTIA also will participate on behalf of the Administration in FCC and Congressional proceedings on telecommunications policies, including the development of appropriate regulatory treatment for broadband services deployment. A number of Internet related policy issues will require NTIA action, including ICANN reform and continuing Internet privatization, domain name management both domestically and internationally, proposals to regulate Internet services and content, and the combination of Internet and telecommunications addressing (ENUM). NTIA will pursue policies promoting international trade in telecommunications products and services, promoting consistent international approaches to telecommunications policies, and improving relations with countries with rapidly expanding markets. All of these activities will require substantial coordination among NTIA’s program offices, as well as interagency coordination to develop the Administration’s positions.

In addition to its policy-related activities, the NTIA supports innovative telecommunications and information technologies through basic research performed at its laboratory, the Institute for Telecommunication Sciences (ITS). ITS performs extensive basic research on quality of digital speech, audio and video compression, and transmission characteristics. This research has the potential to improve both the performance of telecommunications networks and the availability of digital content on the Internet. Basic research at ITS also supports U.S. positions in international standard-setting bodies and NTIA’s development of Administration policies related to the introduction of new technologies, such as ultra wideband (UWB) and third generation (3G) wireless services.

Priorities/Management Challenges

The President’s “Memorandum for the Heads of Executive Departments and Agencies” dated November 30, 2004, sets out NTIA’s priorities. NTIA, working with the FCC, the Department of State, and other partners, is a vital component in this Presidential initiative to develop a “Spectrum Policy for the 21st Century.” The President’s Spectrum Reform Initiative will fundamentally change the business of spectrum management over the next five years. Given the scope of this initiative and the opportunities it presents, it is the top priority for NTIA and a focus of the Administration. Implementing the specific recommendations that are developed for spectrum management reforms will continue to be priorities for NTIA. In addition, NTIA will support the President’s goal of universal, affordable access to broadband technology by the year 2007. NTIA will continue to develop policy proposals and promote opportunities to provide these high-speed information services to all Americans. NTIA management will meet this challenge by involving the Congress, the FCC, international bodies all other interested parties in the development and implementation of policy recommendations.

Unit Cost Measures

NTIA will complete development of unit cost measures for its “Timeliness of Processing” spectrum assignment requests (Performance measure 1a) for use in FY 2006 and beyond. This measure will provide a means for determining the efficiency and effectiveness of meeting the needs of NTIA’s Federal agency customers for spectrum support in accomplishing their missions.

PART Assessment

NTIA conducted a PART assessment in FY 2005 and has changed performance measures as a result.

FY 2007 Program Changes

NTIA’s FY 2007 activities support DOC Strategic Goal 2, Foster Science and Technological Leadership by protecting intellectual-property, enhancing technical standards and advancing measurement science, and General Goal/Objective 2.3, Advance the development of global e-Commerce and enhanced telecommunications and information services. NTIA’s FY 2007 budget request includes funding to maintain ongoing programs that remain necessary for domestic and international policy development, federal spectrum management, and related research.

Performance Goal 1: Ensure that the allocation of and access to radio spectrum provides the greatest benefit to all people; fosters economic growth; satisfies vital U.S. needs including U.S. national and homeland security, public safety, scientific research, Federal transportation infrastructure, natural resource management, and law enforcement; and maintains U.S. global leadership in communication technology development and services.								
Measure	Requestor	Measure	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Target	2007 Target
1a. Frequency Assignment Processing Time	Federal Agencies	Target Avg time (days) for completion	New	<15	<12	8.2	<9	<9
1b. Certification Request Processing Time	Federal Agencies	Target Avg time (months) for completion	New	New	<6	<6	<4	<3
1c. Space System Coordination Request Processing Time	Federal Agencies	Target % of coordination actions meeting the target avg time (days) for approval of Agency requests	New	New	80<21	80<21	80<18	90<18
1d. Spectrum Plans and Policies Processing Time	FCC	Target Avg time (work days) for providing comments	New	New	<15	<15	<15	<15
1e. Spectrum Management Improvements		Total Planned Milestones (136)	N/A	N/A	N/A	5	39	29
		Target # of milestones to be completed (108) /actual # of milestones to be completed				3/5	31/NA	23/NA

	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Target	FY 2007 Target
Performance Goal 1: Ensure that the allocation of and access to radio spectrum provides the greatest benefit to all people; fosters economic growth; satisfies vital U.S. needs including U.S. national and homeland security, public safety, scientific research, Federal transportation infrastructure, natural resource management, and law enforcement; and maintains U.S. global leadership in communication technology development and services.						
Number of frequency bands evaluated to determine possible improvements that could be made to use spectrum more efficiently	New	New	New	1	Discontinued	Discontinued

	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Target	FY 2007 Target
Performance Goal 2: Promote the availability and support new sources of advanced telecommunications and information services people						
2a. Support new telecom and info technology by advocating Administration views in FCC docket filings and Congressional proceedings	New	New	New	5 dockets and proceedings	5 dockets and proceedings	5 dockets and proceedings
2b. Number of website views for research publications ²	New	New	New	New	70K/Mo	75K/Mo
Quality of Basic Research as Reflected in Peer-reviewed Publications	New	5 Publications	6 Publications	6 Publications	Discontinued	Discontinued
Level of Technology Transfer Activities Conducted with the Private Sector through the Cooperative Research and Development Agreements	New	5 Cooperative Research and Development Agreements	5 Cooperative Research and Development Agreements	5 Cooperative Research and Development Agreements	Discontinued	Discontinued
Provide the Policy Framework for Introduction of New Technology	New	New	Spectrum, ICANN reform	Reports, conferences, workshops	Discontinued	Discontinued

1. New measure incorporating frequency band evaluations measure (1b).
2. New measure replacing number of peer-reviewed publications and CRADA measures.

Resource Requirements Summary

(Dollars in Thousands)

	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Estimate	FY 2007 Base	Increase/ Decrease	FY 2007 Request ¹
Performance Goal 1: Performance Goal 1: Ensure that the allocation of and access to radio spectrum provides the greatest benefit to all people; fosters economic growth; satisfies vital U.S. needs including U.S. national and homeland security, public safety, scientific research, Federal transportation infrastructure, natural resource management, and law enforcement; and maintains U.S. global leadership in communication technology development and services.								
Salaries and Expenses	\$23,444	\$24,516	\$28,536	\$30,401	\$45,889	\$39,124	\$0	\$39,124
Performance Goal 2: Promote the availability and support new sources of advanced telecommunications and information services								
Salaries and Expenses	9,730	10,015	11,245	13,989	31,485	13,879	0	13,879
Public Telecom Facilities, Planning, and Construction	47,592	45,930	28,853	23,417	22,745	21,719	(21,719)	0
Information Infrastructure Grants	15,486	17,141	17,810	2,049	1,053	0	0	0
Grand Total								
Total Funding	96,252	97,602	84,444	69,856	101,172	74,722	(21,719)	53,003
Direct	77,147	77,355	61,187	42,389	42,296	39,556	(21,719)	17,837
Reimbursable	19,105	20,247	23,257	27,467	58,876	35,166	0	35,166
IT Funding ²	5,400	5,400	5,400	5,086	5,287	5,287	548	5,835
FTE	244	251	269	259	271	271	(13)	258

1. The Digital Television Transition and Public Safety Fund program has only recently been created for NTIA. Performance measures will be developed as part of the management plan.

2. Total NTIA IT outlays (from NTIA Ex. 23 & 53) included in total funding

Skill Summary: NTIA employs policy analysts with legal, economics, and technical skills to perform these activities. NTIA does not have a separate budget category for these activities.

Performance Goal 1: Performance Goal 1: Ensure that the allocation of and access to radio spectrum provides the greatest benefit to all people; fosters economic growth; satisfies vital U.S. needs including U.S. national and homeland security, public safety, scientific research, Federal transportation infrastructure, natural resource management, and law enforcement; and maintains U.S. global leadership in communication technology development and services.

Corresponding DOC Strategic Goal:

Strategic Goal 2 Foster Science and Technological Leadership by protecting intellectual-property, enhancing technical standards and advancing measurement science

General Goal/Objective 2.3, Advance the development of global e-Commerce and enhanced telecommunications and information services

Rationale:

The availability of the radio frequency spectrum is key to the development and implementation of innovative telecommunications technologies. The National Telecommunication and Information Administration's (NTIA's) spectrum management activities are therefore intertwined with its policy activities in that existing uses of spectrum by both the private and federal sectors must be examined to determine where spectrum will be made available for new and innovative spectrum-using services that provide benefits to all consumers. In a "Memorandum for the Heads of Executive Departments and Agencies" dated November 30, 2004, the President directed that an Implementation Plan be developed in FY 2005 for the recommendations contained in a two-part series of reports released by the Secretary of Commerce in June 2004, under the title *Spectrum Policy for the 21st Century - The President's Spectrum Policy Initiative Reports*. The purpose of the Initiative is to promote the development and implementation of a U.S. spectrum policy that will foster economic growth; ensure our national and homeland security; maintain U.S. global leadership in communications technology development and services; and satisfy other vital U.S. needs in areas such as public safety, scientific research, federal transportation infrastructure, and law enforcement. The bulk of NTIA's resources will be directed toward achieving the President's goal of spectrum management reform. NTIA's other spectrum management activities include (1) identifying and supporting new wireless technologies that promise innovative applications for customers of the federal and private sectors; (2) providing the 63 federal agencies with the spectrum needed to support their missions for national defense, law enforcement and security, air traffic control, national resource management, and other public safety services; (3) developing plans and policies to use the spectrum effectively; (4) satisfying the United States' future spectrum needs globally through participation with the 190 other countries of the International Telecommunication Union in establishing binding treaty agreements through world radio-communication conferences; (5) and improving, through telecommunications research and engineering, the understanding of radio-wave transmission and thereby improving spectrum utilization and the performance of radio-communications systems.

Program Increases/Decreases:

None.

Measurement Explanation

The availability of the radio frequency spectrum is key to the development and implementation of innovative telecommunications technologies. The National Telecommunication and Information Administration's (NTIA's) spectrum management activities are therefore intertwined with its policy activities in that existing uses of spectrum by both the private and federal sectors must be examined to determine where spectrum will be made available for new and innovative spectrum-using services that provide benefits to all consumers and at the same time, ensure that spectrum is available for critical and vital radiocommunications for national and homeland security, law enforcement, natural resource management and other public safety activities.

In a “Memorandum for the Heads of Executive Departments and Agencies” dated November 30, 2004, the President directed that an Implementation Plan be developed in FY 2005 for the recommendations contained in a two-part series of reports released by the Secretary of Commerce in June 2004, under the title *Spectrum Policy for the 21st Century - The President’s Spectrum Policy Initiative Reports*. The purpose of the Initiative is to promote the development and implementation of a U.S. spectrum policy that will foster economic growth; ensure our national and homeland security; maintain U.S. global leadership in communications technology development and services; and satisfy other vital U.S. needs in areas such as public safety, scientific research, federal transportation infrastructure, and law enforcement.

Based on the above, the measures for spectrum management cover:

(1) **Spectrum Requirements**. Satisfy the near-term and future spectrum requirements of the Federal agencies (63) to operate their radiocommunications that provide the public with national and homeland security, law enforcement, transportation control, natural resource management, and other public safety services during peacetime and emergencies; coordinate on spectrum requests from the private sector via the FCC and neighboring foreign governments; coordinate on space satellite system spectrum requirements from foreign governments; and obtain foreign country coordination on U.S. Government space satellite system spectrum requirements.

(2) **Spectrum Plans and Policies**. Formulate, establish, and implement plans and policies domestically and internationally for the 21st century that: (a) ensure the effective, efficient, and equitable use of the radio frequency spectrum resource both domestically and internationally; (b) protect critical and vital Federal government services; (c) promote spectrum access to the private sector to introduce new technologies that provide innovative communication services to the public and Federal government; and (d) satisfy the spectrum needs of the Federal government and the private sector, including the State and local public safety community;

(3) **Spectrum Management Improvements**. Improve the spectrum management process that provides the above through the implementation of 24 recommendations made to the President in June 2004 based on the President’s direction to the Department of Commerce in the President’s Executive Memoranda released in June 2003 and the acceptance of the recommendations and further direction by the President in November 2004; and,

(4) **Supporting Activities**. Provide the necessary support to attain the goals above efficiently and effectively through the use of automated information technology, engineering and analysis, and coordination with and advice of the Federal agencies through the Interdepartment Radio Advisory Committee, participation in the FCC rulemaking process, and participation with foreign countries and in international telecommunication fora.

Target and Performance Summary

Performance Goal 1: Ensure that the allocation of and access to radio spectrum provides the greatest benefit to all people; fosters economic growth; satisfies vital U.S. needs including U.S. national and homeland security, public safety, scientific research, Federal transportation infrastructure, natural resource management, and law enforcement; and maintains U.S. global leadership in communication technology development and services.

To meet this goal, the measures are divided into 3 areas: (a) spectrum requirements (current Federal agency spectrum needs, spectrum certification requests (future spectrum needs), and space system coordination requests), (b) spectrum plans and policies (domestic -federal rules and regulations and FCC rule-making) and world radio conferences), and (c) improvements to the spectrum management process which will establish the President’s Spectrum Policy Initiative for the 21st Century.

a. Spectrum Requirements Performance Measures.

1. Frequency Assignment Requests Performance Measure.

(a) **Federal Agencies.** NTIA authorizes the federal agency use of the frequency spectrum in a timely manner so they can operate their radiocommunications. NTIA ensures that each assignment approved does not cause interference to other spectrum users nor will it receive harmful interference from other spectrum users and that each assignment complies with the rules, regulations and standards within NTIA’s Manual. The measure contains the planned average target time to obtain approval, the number of requests for a frequency assignment, the average time it took to provide approval, and a comparison of actual time for approval versus the target.

Measure	Requestor	Measure	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1a. Frequency Assignment Processing Time	Federal Agencies	Target Avg time (days) for completion	New	<15	<12	8.2	<9	<9	<5	<3	<3	<3
		Actual No. of actions completed	69575	74657	85625	83660						
		Actual Avg time (days) for approval	15.32	12.42	9.41	8.2						

2. Spectrum Certification Requests Performance Measure.

(a) **Federal Agencies.** NTIA certifies in a timely manner as per OMB Circular A-11, that spectrum will be available in the future for Federal agency planned radiocommunications. NTIA’s approval prevents an agency from developing communications in the wrong frequency band and could cause or receive interference from other spectrum users that could result in being unable to implement the system and the loss of all the funding that was necessary to develop the communication system. The performance measure contains the planned average target time to obtain approval, the number of requests for spectrum support, the average time it took to provide approval, and a comparison of actual time for approval versus the target.

Measure	Requestor	Measure	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1b. Certification Request Processing Time	Federal Agencies	Target Avg time (months) for completion	New	New	<6	<6	<4	<3	<3	<2	<2	<2
		Actual No. of actions completed	NA	NA	185	161						
		Actual Avg time (months) for approval	NA	NA	4	3.5						

3. Space System Coordination Requests Performance Measure.

(a) **Federal Agencies.** NTIA provides approval and coordination domestically and internationally in a timely manner for an agency to operate its planned satellite communications. Coordination with other satellite spectrum users is essential to prevent interference to each other in light of the high costs of developing and implementing satellite communication systems.. The performance measure contains the planned average target time to obtain approval for coordination actions within the Space Systems Subcommittee process, the number of space system coordination requested, and the percentage of actions meeting target approval time.

(b) **Foreign Countries.** NTIA also provides coordination to foreign satellite spectrum users to ensure that their systems do not interfere with U.S. satellite and terrestrial spectrum users. The performance measure contains the target percentage of responses to other countries meeting the ITU required timeframes, the number of space systems coordination requested, and the percentage of coordination actions completed on time.

Measure	Requestor	Measure	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	
Ic. Space System Coordination Request Processing Time	Federal Agencies	Target % of coordination actions meeting the target avg time (days) for approval of Agency requests	New	New	80<21	80<21	80<18	90<18	90<14	90<14	95<14	95<14	
		Actual No. of coordination actions (messages) completed	NA	NA	991	661							
		Actual % meeting target approval time	NA	NA	100	100							
	Foreign Countries	Target percentage of responses to other countries meeting ITU required timeframes	New	New	80	80	90	90	90	90	95	95	95
		Actual No. of coordination actions completed	NA	NA	226	174							
		Actual % of coordination actions completed on time	NA	NA	100	100							

b. Spectrum Plans and Policies Performance.

FCC Requests for NTIA Coordination on FCC Rulemakings. Most the frequency spectrum is shared between the private sector and the Federal government. As such, there are constant changes in the spectrum allocations, rules and regulations developed and maintained by the FCC and NTIA to address access by new telecommunication technologies and services to ensure interference free operation between all spectrum users and a level playing field to promote competition. FCC accomplishes this task on behalf of the private sector through public rulemaking and NTIA does this through advice of the Interdepartment Radio Advisory Committee (IRAC). NTIA and the FCC have agreed in a memorandum of agreement that they would mutually perform the necessary coordination on rulemakings within 15 days or less. This agreement prevents unnecessary delays in gaining access to the spectrum, thus ensuring that the costs of regulatory processes on technology and services deployment are minimized. This performance measure contains the planned average target time to obtain NTIA coordination, the number of requests, the average time it took to provide coordination and a comparison of the actual time for coordination versus the target.

1d Spectrum Plans and Policies Processing Time	FCC	Target Avg time (work days) for providing comments	<u>New</u>	<u>New</u>	≤15	≤15	≤15	≤15	≤15	≤15	≤15	≤15
		Actual No. of rulemaking requests	NA	NA	31	29						
		Actual Avg time (work days) for providing comments	NA	NA	14	14						

c. Spectrum Management Improvements Performance Measures.

NTIA has been directed by the President in November 30, 2004, to implement his Spectrum Policy Initiative by implementing 24 recommendations contained in two reports submitted by the Secretary of Commerce and coordinated with Federal agencies in the OMB coordination process. The recommendations call for improvements in the spectrum management process to meet the goals in the Performance Goal 1 above. NTIA has prepared an implementation plan with 136 milestones to be completed over the next 5 years as shown in Appendix 1. The performance measure contains the planned target of the number of milestones required to satisfy the 24 recommendations for each fiscal year until completed and for each of the four major goals in the President’s spectrum policy initiative. The actual number of milestones completed will be compared with the target.

Measure	Requestor	Measure	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1e. Spectrum Management Improvements		Total Milestones Planned (136)	N/A	N/A	N/A	5	39	29	22	14	14	13
		Target # of milestones to be completed (107)/actual # of milestones completed				3/5	31/NA	23/NA	18/NA	11/NA	11/NA	10/NA

FY 2007 Targets: Changes and additions have been made in the current year measures and targets for the spectrum management goal as a result of the PART conducted in FY 2005. NTIA expects that targets will continue to improve dramatically in FY 2007 and beyond as investments in the paperless spectrum initiative are realized.

Program Evaluations

NTIA management reviewed and assessed policy and program priorities in the development of FY 2006 and 2007 budgets. In addition, in a “Memorandum for the Heads of Executive Departments and Agencies” dated November 30, 2004, the President directed that an Implementation Plan be developed in FY 2005 for the recommendations contained in a two-part series of reports released by the Secretary of Commerce in June 2004, under the title *Spectrum Policy for the 21st Century - The President’s Spectrum Policy Initiative Reports*. The President also directed among other things that the Secretary of Commerce shall develop a Federal Strategic Spectrum Plan and shall assist in the formulation of a National Strategic Spectrum Plan. The bulk of NTIA’s resources will be directed toward achieving the President’s goal of spectrum management reform. These efforts will result in improved policies for use of the spectrum by Federal, State and local governments and the private sector, as well as improvements in the spectrum management process as a whole. In FY 2006 and continuing through FY 2007, NTIA will develop action plans to implement the collective set of recommendations presented in the overall program of spectrum management reform.

Cross-cutting Activities:**Intra-Department of Commerce:**

Technology Administration and National Oceanic and Atmospheric Administration: Participate on the Interagency GPS Executive Board, which with DOD jointly manages the GPS satellite program as a national asset.

NOAA: Represented on NTIA's Interdepartment Radio Advisory Committee, which assists in assigning frequencies to U.S. Government radio stations and in developing and executing policies, programs, procedures, and technical criteria pertaining to the allocation, management, and use of the spectrum.

Other Government Agencies:

NTIA authorizes spectrum assignments for 56 federal government agencies to operate radio-communications systems. NTIA works with the 23 other major spectrum using federal agencies on IRAC to manage frequency assignment requests. NTIA represents the interests of 33 other agencies on the IRAC. NTIA serves as the manager of federal government spectrum while the Federal Communications Commission (FCC) manages the non-federal spectrum.

FCC: Since spectrum is often shared, NTIA and the FCC regularly engage in coordination of spectrum uses and spectrum policies. Uses of shared frequency bands are coordinated with the FCC.

State Department: NTIA works with the State Department in its international activities, including conferences and representation on international organizations.

NTIA leads a high-level inter-agency task force as part of its support for the President's Spectrum Management Policy Initiative. Each agency has responsibilities delineated in the "Memorandum for the Heads of Executive Departments and Agencies" dated November 30, 2004.

Government/Private Sector:

- International bodies such as the International Telecommunication Union (ITU), in which NTIA participates as the U.S. representative, establish permissible uses of frequency bands.
- NTIA coordinates on spectrum management issues through advisory committees and special information-sharing initiatives.

External Factors and Mitigating Strategies:

Congress, from time to time, has required some changes in federal use of radio frequency spectrum, which can affect availability of frequencies to suit federal needs. The speed of development and implementation of wireless technologies will affect the level and type of demand by federal agencies for certain frequencies. The Federal Communications Commission initiates numerous spectrum-related proceedings in which NTIA participates on behalf of the Administration. NTIA anticipates and prepares for these developments through management meetings, participation on interagency task forces, and monitoring.

Performance Goal 2: Promote the availability and support new sources of advanced telecommunications and information services

Corresponding DOC Strategic Goal:

Strategic Goal 2 Foster Science and Technological Leadership by protecting intellectual-property, enhancing technical standards and advancing measurement science

General Goal/Objective 2.3, Advance the development of global e-Commerce and enhanced telecommunications and information services

Rationale:

NTIA’s policy-related activities are among the agency’s most visible and have a large impact on consumers and industries both domestically and internationally. A large part of NTIA’s domestic and international policy efforts will be devoted to achieving the President’s goal of spectrum management reform. NTIA management also plans for multi-year efforts in a number of policy areas and receives requests to conduct policy analysis and other activities from the Secretary, the White House, and the Congress. NTIA is the Executive Branch’s principal voice on domestic and international telecommunications and information technology issues. These activities are accomplished primarily through testimony on behalf of the Administration in Congressional proceedings, through development and coordination of Administration views in proceedings conducted by the Federal Communications Commission (FCC), and through advocacy in international and bilateral fora. In addition to its policy-related activities, NTIA supports innovative telecommunications and information technologies through basic research performed at its laboratory, the Institute for Telecommunication Sciences (ITS). ITS performs extensive basic research on quality of digital speech, audio and video compression, and transmission characteristics. This research has the potential to improve both the performance of telecommunications networks and the availability of digital content on the Internet. Basic research at ITS also supports U.S. positions in international standard-setting bodies and NTIA’s development of Administration policies related to the introduction of new technologies, such as ultra wideband (UWB), third generation (3G) wireless and broadband services.

Program Increases/Decreases:

None.

Measure 2a: Support new telecom and info technology by advocating Administration views in FCC docket filings and Congressional proceedings

	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Target	FY 2007 Target
2a. Support new telecom and info technology by advocating Administration views in FCC docket filings and Congressional proceedings	New	New	New	5 dockets and proceedings	5 dockets and proceedings	5 dockets and proceedings

Explanation of Measure: NTIA fulfills its policy-setting role in a number of ways: by preparing and issuing special reports on topics that emerge over time; testifying before Congress and other organizations that are concerned with telecommunications policy; providing the Administration’s views on actions proposed by the Federal Communications Commission; issuing requests for public comment on specific issues; and encouraging dialogue with the private sector through sponsorship and participation in conferences, workshops, and other forums. NTIA will continue to examine an array of spectrum management policy issues in FY 2007 dealing with innovative approaches to spectrum management and the effectiveness of current processes. This examination will be conducted in tandem with the FCC’s proceedings on spectrum management policy, in which NTIA will participate on behalf of the Administration and as part of the President’s Spectrum Management Policy Initiative. NTIA also will participate on behalf of the Administration in FCC and Congressional proceedings on telecommunications policies, including the development of appropriate regulatory treatment for broadband services deployment. A number of Internet related policy issues will require NTIA action, including ICANN reform and continuing

Internet privatization, domain name management both domestically and internationally, proposals to regulate Internet services and content, and the combination of Internet and telecommunications addressing (ENUM). NTIA will advocate globally for foreign regulatory and policy regimes that promote international trade in telecommunications products and services by encouraging competition and innovation and improve relations with key trading partners including Mexico and Canada and countries with rapidly expanding markets, such as China and India. All of these activities will require substantial coordination among NTIA's program offices, as well as interagency coordination to develop the Administration's positions. These activities directly benefit the American public through promotion of universal, affordable availability of advanced telecommunications and information technologies -- such as broadband and wireless services -- that support productivity, growth and job creation in most industrial sectors.

Measure 2b: Number of website views for research publications

	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Target	FY 2007 Target
2b. Number of website views for research publications ²	New	New	New	New	70K/Mo	75K/Mo

Explanation of Measure: NTIA will measure the number of website "hits" on its on-line research publications, replacing the measure of the number of peer-reviewed articles that are published in technical journals and publications. This measure will indicate the reception and utility of research results within the spectrum research and engineering community. Many government agencies and private sector organizations use these research publications to improve effectiveness in the planning, procurement and configuration of systems. This basic research directly benefits the American public through promotion of advanced telecommunications and information infrastructure development in the United States, enhancement of domestic competitiveness, improvement of foreign trade opportunities for U.S. telecommunications firms, and facilitation of more efficient and effective use of the radio spectrum.

FY 2007 Targets: For FY 2007, NTIA will measure the number of website "hits" on its on-line research publications, replacing the measure of the number of peer-reviewed articles that are published in technical journals and publications and number of CRADAs. This measure will indicate the reception and utility of research results within the spectrum research and engineering community. This change is a result of the FY 2005 PART.

Program Evaluations:

NTIA management reviewed and assessed policy and program priorities in the development of FY 2006 and 2007 budgets. NTIA also meets regularly with DOC management in the development of appropriate policy priorities. ITS research will focus on supporting those spectrum management reform activities and assessments undertaken in NTIA's policy development.

Cross-cutting Activities:

Intra-Department of Commerce:

NTIA supports the Secretary of Commerce on a broad range of telecommunications policy issues. NTIA works with the Technology Administration and the International Trade Administration on international issues, the Economics and Statistics Administration on Internet penetration and use measurements and analysis and with the Technology Administration on domain name and technology policy issues. ITS supports NTIA's policy-related activities by providing empirical analysis, and also supports NTIA's spectrum management activities through spectrum occupancy measurements and other technical support activities. ITS performs public safety telecommunications research under contract to NIST.

Other Government Agencies:

NTIA works with the White House and other federal agencies to develop and coordinate Administration-wide policy statements. NTIA serves as the manager of federal government spectrum while the Federal Communications Commission (FCC) manages the non-federal spectrum. Since spectrum is often shared, NTIA and the FCC regularly engage in coordination of spectrum uses and spectrum policies. ITS conducts research under contract for a wide variety of federal agencies, including the White House National Communications Agency, the Departments of Defense and Transportation. Internationally, NTIA works with the White House, the State Department, the Federal Communications Commission (FCC) and the Office of the U.S. Trade Representative to shape policies in international, regional and bilateral fora which support competition, innovation and trade in telecommunications and information products and services.

Government/Private Sector:

NTIA obtains private-sector views on a broad range of telecommunications and information policy issues through formal proceedings in which public comments are solicited and through public conferences, workshops, and meetings on specific subjects. ITS conducts extensive technology transfer activities through CRADAs with private sector entities. ITS cosponsors the annual International Symposium on Advanced Radio Technologies, which attracts attendees from around the world.

External Factors and Mitigating Strategies:

Consideration of telecommunications and information policy issues is affected by the activities of independent regulatory agencies (such as the Federal Communications Commission and the Federal Trade Commission) and by priorities established for NTIA by the Secretary of Commerce, the White House, and Congress. NTIA works closely with these entities in the establishment of policy priorities. Rapidly developing issues in the Internet and telecommunications industry sectors sometimes makes it difficult for government institutions to coordinate timely policy responses. Regular interagency meetings on policy issues will assist in the development of timely Administration positions. The number of projects that ITS can conduct is limited by the size of its scientific and technical staff and the availability of funding through other government agencies, as well as NTIA.

Data Validation and Verification

NTIA reviews performance data to ensure that it is complete and accurate. There were no significant deviations from projected targets. The actual validation process is conducted following audit principles including sampling and verification of data. Unclassified spectrum management data is published and distributed on CD-ROM and has been examined for accuracy by the Department's Inspector General and the General Accounting Office (GAO). Additionally, documentation is reviewed and a determination is made on its adequacy and sufficiency to support claims that outcomes and outputs have been achieved.

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be taken
Timeliness of Processing	Interdepartment Radio Advisory Committee (IRAC) Support Branch, Office of Spectrum Management (OSM)	Monthly, Annually	Office of Spectrum Management, Computer Services Division	Automated Data Processing (ADP) routines	Classified information is not included in public data	Collection of data
Certification Request Processing Time	Interdepartment Radio Advisory Committee (IRAC) Support Branch, Office of Spectrum Management (OSM)	Monthly, Annually	Office of Spectrum Management, Computer Services Division	Automated Data Processing (ADP) routines	Classified information is not included in public data	Collection of data
Space System Coordination Request Processing Time	Interdepartment Radio Advisory Committee (IRAC) Support Branch, Office of Spectrum Management (OSM)	Monthly, Annually	Office of Spectrum Management, Computer Services Division	Automated Data Processing (ADP) routines	Classified information is not included in public data	Collection of data
Spectrum Management Improvements	Office of Spectrum Management (OSM)	Monthly, Annually	Office of Spectrum Management, Associate Administrator	NTIA document clearance process, OMB/Interagency clearance process	None	None
Support new telecom and info technology by advocating Administration views in FCC docket filings and Congressional proceedings	Activities are reflected on NTIA website; weekly reports to the Secretary of Commerce; annual report to Congress	Annual	Office of Policy Coordination and Management	Inspection	Data is not quantitative but rather a qualitative assessment of current policy directions and plans.	None
Number of website views for research publications ¹	ITS	Monthly	ITS, webserver	Inspection	None	Collection of data

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Department of Commerce
Office of Inspector General
FY 2007 Performance Goals and Measures

Mission Statement

The Office of Inspector General (OIG) has the mission of providing a unique, independent voice to the Secretary and other senior Commerce managers, as well as to Congress, in combating fraud, waste, abuse, and mismanagement and in improving the efficiency, effectiveness, and economy of Department operations. The office has authority to inquire into all programmatic and administrative activities of the Department, including individuals or organizations performing under contracts and grants, cooperative agreements, and other financial assistance agreements.

The Office of Inspector General (OIG) supports the Department's management integration goal by completing work that prevents, detects, and offers recommendations for reducing fraud, waste, abuse, and mismanagement and improving the efficiency, effectiveness, and economy of Department operations. OIG's efforts have consistently returned greater financial benefits to the American public than the resources available to OIG. The performance goals in OIG's FY 2007 budget request reflect its expectation that the financial benefits of its work will exceed its appropriations. This reflects OIG's ability to target limited resources in ways that yield significant results and benefits to the American public.

OIG's work is primarily conducted through audits (performance and financial), inspections, program and systems evaluations, and investigations. OIG presents the findings of its audits, inspections, and evaluations to Commerce operating officials and agency heads for their review and comment before OIG releases the information in final report. Investigations are referred to the Department of Justice (DOJ) for prosecution if evidence of criminal wrongdoing is found or civil recoveries are possible. Investigative findings may also be referred to the appropriate agency official for administrative action. The OIG is headquartered in Washington, D.C. Its Office of Audits (OA) has personnel at several sites in the metropolitan Washington, D.C. area, plus offices in Atlanta, Denver, and Seattle. The OIG office of Investigations (OI) has field offices in Atlanta, Denver, Seattle, Silver Spring, and Washington, D.C.

Priorities/Management Challenges

OIG, in assessing its work at the close of each semiannual period, develops the Top 10 Management Challenges the Department faces. Each challenge meets one or more of the following criteria: (1) it is important to the Department's mission or the nation's well-being, (2) it is complex, (3) it involves sizable expenditures, or (4) it requires significant management improvements. Because of the diverse nature of Commerce activities, many of these criteria cut across bureau and program lines. We believe that by addressing these challenges the Department can enhance program efficiency and effectiveness; eliminate serious operational problems; decrease fraud, waste, and abuse; and achieve substantial savings.

PART Assessment

OIG has not been evaluated under the PART process.

Target and Performance Summary

	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Target	FY 2007 Target
Performance Goal 1: Promote improvements to Commerce programs and operations by identifying and competing work that (1) promotes integrity, efficiency, and effectiveness and (2) prevents and detects fraud, waste, and abuse.						
Measure 1a. Percentage of OIG recommendations accepted by departmental and bureau management	95%	97%	97.5%	99%	95%	95%
Measure 1b. Dollar value of financial benefit identified by OIG	Modified	\$43,323	\$26,000	\$32,000	\$29,600	\$29,600
Measure 1c. Percentage of criminal and civil matters that are accepted for prosecution.	Modified	50%	67%	81%	63%	63%

Resource Requirements Summary

	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 President's	FY 2007 Base	Increase/ Decrease	FY 2007 Request
Total Funding	20,924	22,152	20,970	21,371	22,667	22,731	0	22,731
Direct	20,124	20,667	20,894	21,371	22,467	22,531	0	22,531
Reimbursable	800	1,485	76	0	200	200	0	200
IT Funding	0	0	0	0	0	0	0	0
FTE	136	137	125	115	138	138	0	138

OIG Performance Goal

Promote Improvements to Commerce programs and operations by identifying and completing work that (1) promotes integrity, efficiency, and effectiveness and (2) prevents and detects fraud, waste and abuse.

Corresponding DOC Strategic Goal

Management integration Goal: Achieve Organizational and Management Excellence

Commerce's diverse mission and critical programs and operations are administered in a dynamic environment – one that is greatly influenced by ever-changing conditions. As the Department works to accomplish its mission, the Office of Inspector General provides a unique, independent voice to the Secretary and other senior Commerce managers, as well as to Congress, in keeping with its mandate to promote integrity, efficiency, and effectiveness and prevent and detect waste, fraud, and abuse in Department programs and operations. The work is primarily accomplished through audits, inspections, evaluations, and investigations and a variety of activities geared toward averting problems. Moreover, OIG strives to ensure that it:

- Performs high quality, timely work
- Concentrates its efforts on the Department's most critical programs, operations, challenges, and vulnerabilities
- Achieves results that allow government funds to be put to better use and address criminal, civil, and other wrongdoing

Measure 1a: Percentage of OIG recommendations accepted by departmental and bureau management.

Many of the improvements to Commerce operations and programs come through recommendations made in various OIG work products. A measure of OIG's effectiveness is the extent to which it offers useful, practical recommendations for improvements. A measure of the usefulness and practicality of OIG's recommendations is the extent to which they are accepted by Commerce management.

Measure 1b: Dollar value of financial benefit identified by OIG.

A key measure of the value of OIG's work is its dollar return on investment. Financial benefits include: (1) questioned costs agreed to by management, (2) funds put to better use, and (3) administrative, civil, and criminal recoveries.

Measure 1c: Percentage of criminal and civil matters that are referred for prosecution.

OIG investigative work that helps prevent waste, fraud and abuse results in either civil or criminal legal issues that are referred for prosecution. Thus, the percentage of investigative work that results in civil or criminal referrals for prosecution is a measure of the quality of OIG investigative work.

Crosscutting Activities

Intra-Department of Commerce: OIG provides a full range of audits, inspections, program and systems evaluations, and investigative services to the various bureaus of the Department of Commerce to ensure the efficiency, effectiveness and integrity of their operations and programs.

Other Government Agencies: OIG also conducts various activities with OIGs of other agencies that can affect several agencies or government-wide activities.

Program Evaluations/External Factors: OIG must comply with standards in the conduct of its audits and inspections. These include the Government Accountability Office's Government Auditing Standards and the President's Council on Integrity and Efficiency's Quality Standards for Inspections and Program Evaluations. OIGs also are subject to peer reviews designed to evaluate their compliance with applicable laws and standards.

Mitigating Strategies: A variety of external factors may affect OIG's ability to reach its targets. Key among these is the ability to hire well-qualified staff, acquire support resources, and sufficiently fund OIG activities.

OIG Data Validation and Verification

OIG to the greatest extent possible relies on data collected for and presented in its *Semiannual Report to Congress*. This ensures that the same rigorous combination of techniques used to validate and verify the data for presentation in the *Semiannual Report to Congress* are applied to the collection of performance measures.

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be taken
Measure 1a	OIG audit and inspection process	As conducted	OIG files	OIG review	None	Continue collecting the measure
Measure 1b	OIG audit and inspection process	As conducted	OIG files	OIG review	None	Continue collecting the measure
Measure 1c	Investigative Case Data System (CDS) database	Updated as investigations completed	OIG database	Investigative review process	None	Continue collecting the measure

EXHIBIT 3A

U.S. Patent and Trademark Office
USPTO TOTAL RESOURCE REQUIREMENTS

<i>Dollars in thousands</i> USPTO TOTAL	FY 2005 Actual	FY 2006 Enacted	FY 2007 Base	Increase/ (Decrease)	FY 2007 President's Budget	FY 2008 Estimate	FY 2009 Estimate	FY 2010 Estimate	FY 2011 Estimate
TOTAL FUNDING	\$1,513,930	\$1,688,286	\$1,758,512	\$88,954	\$1,847,466	\$1,999,497	\$2,164,401	\$2,400,349	\$2,639,568
↳ Direct Obligations	\$1,508,392	\$1,683,086	\$1,753,312	\$89,654	\$1,842,966	\$1,994,997	\$2,159,901	\$2,395,849	\$2,635,068
↳ Reimbursable	\$5,538	\$5,200	\$5,200	\$(700)	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500
IT FUNDING (included above)	\$312,951	\$311,378	\$315,900	\$(21,671)	\$294,229	\$312,591	\$301,338	\$299,304	\$302,740
FULL-TIME EQUIVALENT (FTE) TOTALS	6,825	7,875	8,157	400	8,557	9,191	9,801	10,414	10,972

This Exhibit represents a summary of USPTO's total obligations by performance goal. USPTO Information Technology (IT) funding and FTE resources shown in the above table are also reported using the Agency IT Investment Portfolio (FY 2007 Budget Exhibit 53) reporting format.

RESOURCE REQUIREMENTS, TARGETS AND PERFORMANCE SUMMARY
GOAL ONE: Improve the quality of patent products and services and optimize patent processing time

<i>Dollars in thousands</i> USPTO GOAL 1	FY 2005 Actual	FY 2006 Enacted	FY 2007 Base	Increase/ Decrease	FY 2007 President's Budget	FY 2008 Estimate	FY 2009 Estimate	FY 2010 Estimate	FY 2011 Estimate
TOTAL FUNDING	\$1,218,046	\$1,339,710	\$1,393,950	\$82,498	\$1,476,448	\$1,607,318	\$1,761,615	\$1,979,352	\$2,202,097
↳ Direct Obligations	\$1,213,162	\$1,335,124	\$1,389,364	\$83,115	\$1,472,479	\$1,603,349	\$1,757,646	\$1,975,383	\$2,198,128
↳ Reimbursable	\$4,884	\$4,586	\$4,586	\$617	\$3,969	\$3,969	\$3,969	\$3,969	\$3,969
IT FUNDING (included above)	\$244,978	\$243,747	\$247,290	(\$16,967)	\$230,323	\$244,696	\$235,887	\$234,295	\$236,985
FULL-TIME EQUIVALENT (FTE) TOTALS	6,202	6,954	7,184	365	7,549	8,197	8,809	9,408	9,942

Allowance Error Rate	4.6%	4.0%	—	—	4.0%	4.0%	4.0%	4.0%	4.0%
In-Process Examination Compliance Rate	84.0%	86.0%	—	—	88.0%	89.0%	90.0%	91.0%	92.0%
Average First Action Pendency (months)	21.1	22.0	—	—	23.0	23.7	23.9	23.8	23.5
Average Total Pendency (months)	29.1	31.3	—	—	32.0	33.0	33.7	33.9	33.8

Rationale of Performance Goal: This performance goal was established as a result of USPTO's strategic planning process. The *21st Century Strategic Plan* recognized quality and processing time (pendency) as the two measures most significant for our patent user community and other external stakeholders. In particular, the inability to hire new personnel at a rate necessary to keep up with growth in electronic technologies has meant increased pendency in those technologies for which the value of patents depends most on prompt issuance. Additionally, improving the quality of patents through implementation of the quality initiatives in the *21st Century Strategic Plan* are paramount to achieving the targets set forth under this goal.

External Factors and Mitigation Strategies: The key variables impacting performance under this goal are incoming workloads and requested resources to improving quality and reducing pendency. The patent incoming workloads are dependent upon many factors, including economic activity around the world, and especially in the United States. Growth of science and technology has had considerable impact on intellectual property protection in the United States. For the USPTO, this growth has meant increases in application filings, and receipt of significantly more complex patent applications supporting the latest technologies. Achievement of the outyear (fiscal years 2008 to 2011) performance targets set forth in this exhibit assume permanent authorization of the revised fee schedule that was set forth in the Consolidated Appropriations Act, 2005 (P.L. 108-447). Funding at the fiscal year 2007 budget level will allow the USPTO to continue implementation of its strategic planning initiatives and ultimately result in enhanced quality throughout the Patent examination process.

Program Increases for Performance Goal One: + 365 FTE and + \$83.1 million: The increases requested for fiscal year 2007 are for hiring patent examiners to implement the strategic initiatives that contribute to achieving the quality and pendency targets shown above

Performance Monitoring and Program Evaluations: The patent examination program is evaluated for quality of examination decisions through in-process and allowance reviews. The focus of the review for patent applications is threefold: (1) to identify patentability errors; (2) to assess adequacy of the field of search and proper classification; and (3) to assess proper examination practice and procedures. The information gathered from the review of these examination program activities help business units identify necessary training with the goal of enhancing overall product quality and improving the consistency of examination. The results of the reviews provide analysis in the form of reports to Patent management. In addition to reporting specific errors, the analysis provides information on recurring problems and trends that may warrant changes in the examination program.

The patent examination program is also monitored for production through tracking and analysis of production counts recorded in the Patent Application Locator Monitoring (PALM) system. Production reports, containing detailed information on time spent examining and actions performed by each patent examiner, are provided to Patent management on a biweekly basis. Like the quality review tools, production monitoring identifies recurring problems and trends that may warrant changes in the examination program.

Crosscutting Activities: None other than intra-USPTO.

RESOURCE REQUIREMENTS, TARGETS AND PERFORMANCE SUMMARY

GOAL 2: Improve the quality of trademark products and services and optimize trademark processing time

<i>Dollars in thousands</i> <u>USPTO GOAL 2</u>	FY 2005 Actual	FY 2006 Enacted	FY 2007 Base	Increase/ (Decrease)	FY 2007 President's Budget	FY 2008 Estimate	FY 2009 Estimate	FY 2010 Estimate	FY 2011 Estimate
TOTAL FUNDING	\$142,259	\$143,390	\$144,575	\$4,220	\$148,795	\$154,273	\$159,441	\$164,049	\$170,228
↳ Direct Obligations	\$141,605	\$142,776	\$143,961	\$4,303	\$148,264	\$153,742	\$158,910	\$163,518	\$169,697
↳ Reimbursable	\$654	\$614	\$614	-\$83	\$531	\$531	\$531	\$531	\$531
IT FUNDING (included above)	\$25,881	\$25,751	\$26,120	(\$1,787)	\$24,333	\$25,851	\$24,921	\$24,752	\$25,037
FULL-TIME EQUIVALENT (FTE) TOTALS	737	844	896	19	915	898	896	910	934

Final Action Deficiency Rate	5.9%	6.5%	—	—	6.0%	5.5%	5.0%	4.5%	4.0%
First Action Deficiency Rate	4.7%	6.5%	—	—	6.0%	5.5%	5.0%	4.5%	4.0%
Average First Action Pendency (months)	6.3	5.3	—	—	3.7	3.0	3.0	3.0	3.0
Average Total Pendency (months)	19.6	18.8	—	—	17.3	16.6	15.9	15.3	14.6

Rationale of Performance Goal: As in Goal One, this performance goal was also established as a result of USPTO's strategic planning process. The *21st Century Strategic Plan* recognized quality and processing time (pendency) as the two measures most significant for our trademark user community and other external stakeholders. In particular, the inability to hire new personnel at a rate necessary to keep up with growth in filings has meant increased pendency. Additionally, improving the quality of trademark products and services through continuation of the quality initiatives in the *21st Century Strategic Plan* are paramount to achieving the targets set forth under this goal.

External Factors and Mitigation Strategies: The key variables impacting performance under this goal are incoming workloads and resources allotted to improving quality and reducing pendency. The trademark incoming workloads are dependent upon many factors, including economic growth in the United States.

Program Increases for Performance Goal Two: + 19 FTE and + \$4.3 million: The increases requested for fiscal year 2007 are for hiring trademark examining attorneys for implementing the strategic initiatives that contribute to achieving the quality and pendency targets shown above.

Performance Monitoring and Program Evaluations: The trademark examination program is evaluated for quality of examination decisions through in-process and final action reviews. The focus of the trademark review program is to identify practice and procedural deficiencies and develop training modules to address those deficiencies. The review of trademark applications is centered on addressing the appropriateness or omission of substantive refusals outlined in Section 2 of the Trademark Act. Section 2 of the Trademark Act provides the statutory bases for which the Office refuses marks for registration. The results of the reviews provide analysis in the form of reports to Trademark management. In addition to reporting specific types of errors, the analysis provides information on recurring problems and trends that may warrant changes in the examination program. The information gathered from the review of these examination program activities are also used to develop and implement quality-driven training modules as well as Policy Papers aimed at reinforcing the proper practice in a wide range of examination activities.

The trademark examination program is also monitored for production through tracking and analysis of production counts recorded in the Trademark Reporting and Monitoring (TRAM) system. Production reports, containing detailed information on time spent examining and actions performed by each examining attorneys, are provided to Trademark management on a biweekly basis. Like the quality review tools, production monitoring identifies recurring problems and trends that may warrant changes in the examination program.

Crosscutting Activities: None other than intra-USPTO.

RESOURCE REQUIREMENTS, TARGETS AND PERFORMANCE SUMMARY

GOAL 3: Create a more flexible organization through transitioning patent and trademark applications to e-Government operations and participating in IP development worldwide

<i>Dollars in thousands</i> USPTO GOAL 3	FY 2005 Actual	FY 2006 Enacted	FY 2007 Base	Increase/ (Decrease)	FY 2007 President's Budget	FY 2008 Estimate	FY 2009 Estimate	FY 2010 Estimate	FY 2011 Estimate
TOTAL FUNDING	\$153,625	\$205,186	\$219,987	\$2,236	\$222,223	\$237,906	\$243,345	\$256,888	\$267,243
↳ Direct Obligations	\$153,625	\$205,186	\$219,987	\$2,236	\$222,223	\$237,906	\$243,345	\$256,888	\$267,243
↳ Reimbursable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
IT FUNDING (included above)	\$42,092	\$41,880	\$42,490	(\$2,916)	\$39,574	\$42,044	\$40,530	\$40,256	\$40,719
FULL-TIME EQUIVALENT (FTE) TOTALS	68	77	77	16	93	96	96	96	96

Patent Applications filed electronically	2.2%	10.0%	—	—	20.0%	30.0%	40.0%	50.0%	60.0%
Patent applications managed electronically	96.7%	99.0%	—	—	99.0%	99.0%	99.0%	99.0%	99.0%
Trademark Applications filed electronically	88.0%	80.0%	—	—	80.0%	80.0%	80.0%	80.0%	80.0%
Trademark applications managed electronically	99.9%	99.0%	—	—	99.0%	99.0%	99.0%	99.0%	99.0%
Technical assistance activities completed (activities/countries)	59/142	82/77			84/79	84/79	84/79	84/79	84/79

Rationale of Performance Goal: The goal of creating a flexible organization through e-government incorporates initiatives that enhance and maintain electronic end-to-end processing of patent and trademark applications. This performance goal was established as a result of USPTO's strategic planning process and for the targeted implementation of the President's Management Agenda initiatives. The second part of this performance goal also is an integral part of the *21st Century Strategic Plan* and is achieved through worldwide technical assistance programs designed to address civil, criminal and border enforcement of intellectual property rights. Under this goal, the USPTO provides

foreign governments with the tools to encourage economic development through robust protection of intellectual property rights, combat health and safety risks associated with counterfeit and pirated products, and combat growing criminal activity involving intellectual property theft. To maximize resources, these programs are developed and implemented in coordination with national and international intellectual property organizations, Federal agencies and rights owners.

External Factors and Mitigation Strategies: The key variables impacting performance under this goal are passage of the fee legislation and funding at the fiscal year 2007 budget level.

Program Increases for Performance Goal Three: + 16 FTE and - \$2.2 million: The funding increase reflected above assumes that implementation of e-government strategic initiatives will peak in fiscal year 2006 and will gradually move into maintenance mode at a relatively lower cost. The USPTO will see some increases in the later years as Patent E-Government Phase two of the workflow applications integration process will further enhance workflow tools and products through fiscal year 2010.

Program Evaluations: Evaluations or proofs of concept have been incorporated into the implementation plans of many strategic initiatives. Completed pilot projects or new ones to be initiated will be tested, as necessary. Evaluations will assess the consistency of pilot program components with the intent of the *United States Patent and Trademark Fee Modernization Act of 2004*, where appropriate, and will incorporate analyses of pilot results against baseline data, critical success factors, and recommendations for full implementation.

Crosscutting Activities: Within the Department of Commerce, the USPTO provides support to the International Trade Administration (ITA) at international negotiations on intellectual property rights and advises ITA on patent and trademark issues. The USPTO also works with the Department of State and U.S. Missions abroad in the implementation of IP-focused programs.



FY 2007 Annual Performance Plan

Technology Administration

Mission Statement

The Technology Administration's mission is to work with U.S. industry to maximize technology's contribution to U.S. economic growth by maintaining and improving key components of the Nation's technological infrastructure; fostering the development, diffusion, and adoption of new technologies and leading business practices; creating a business and policy environment conducive to innovation; and disseminating technical information.

The Technology Administration (TA) works with industry and other stakeholders to maximize technology's contribution to U.S. economic growth. Through its two component bureaus, the National Institute of Standards and Technology (NIST) and the National Technical Information Service (NTIS), TA fulfills its broad responsibilities and contributes to the Department's strategic goal of fostering science and technological leadership by promoting new models of technology transfer and R&D collaboration, identifying problems and barriers to technological innovation, developing and offering solutions and draft legislation to take advantage of opportunities presented by technological advancement, protecting intellectual property, enhancing technical standards, advancing measurement science, and making scientific and technical information available to other agencies and the public.

National Institute of Standards and Technology

NIST's mission is to promote U.S. innovation and industrial competitiveness by advancing measurement science, standards and technology in ways that enhance economic security and improve our quality of life. NIST develops and disseminates measurement techniques, reference data, test methods, standards, and other infrastructural technologies and services required by U.S. industry to compete in the twenty-first century. In addition to its core measurement, testing, and standards functions, NIST also conducts extramural programs, including the Hollings Manufacturing Extension Partnership (MEP), to help smaller firms adopt new manufacturing and management technologies and improve their overall competitiveness; and the Baldrige National Quality Program, to help U.S. businesses and other organizations improve the performance and quality of their operations by providing clear standards and benchmarks of quality.

Each of NIST's major programs and their corresponding strategic goals (outlined below) contributes to the Department's mission to promote U.S. competitiveness by strengthening and safeguarding the U.S. economic infrastructure.

NIST: Programs, Core Functions, and Strategic Goals¹

Program	Core Functions	Strategic Goals
Laboratories	Traceability to the seven basic measurement units, measurement and test methods, calibration services, Standard Reference Materials, evaluated scientific data, impartial expertise and leadership in standards development, and research in support of these areas	1. Promote innovation, facilitate trade, ensure public safety and security, and help create jobs by strengthening the Nation's measurement and standards infrastructure
MEP	Technical assistance to smaller manufacturers	2. Raise the productivity and competitiveness of small manufacturers
Baldrige	Framework for evaluating and improving organizational quality and performance, and an award program to recognize role models	3. Catalyze, recognize, and reward quality and performance improvement practices in U.S. businesses and other organizations

¹ The Advanced Technology Program has a core function through FY 2006.

National Technical Information Service

NTIS provides the American public with permanent and ready access to scientific, technical, and business research through the acquisition, organization, and preservation of data added to its permanent collection. NTIS collects, classifies, coordinates, integrates, records, and catalogs scientific and technical information from whatever sources, foreign and domestic, that may stimulate innovation and discovery and then disseminates that information to the public. In an effort to provide the American public with increased access to the vast collection of government information, NTIS utilizes advanced e-commerce channels, including providing downloads of any item in its collection that is in electronic format for a single low fee or at no charge if under five pages. NTIS also helps other Federal agencies interact with and better serve the information needs of their own constituents by providing information management services.

Priorities/Management Challenges

NIST: Strategic Priorities for FY 2007

Based on long-term strategic planning efforts and an analysis of the most pressing needs related to the coming fiscal year, TA/NIST senior leadership identified several key priorities for FY 2007. These are:

- **Improve NIST's Facilities and Infrastructure:** As technology advances, the need for more sophisticated and demanding measurements and standards also grows. NIST can develop and provide these capabilities and services only in stable, productive, and safe research and measurement laboratories. But many NIST laboratory facilities are decades old and are no longer capable of providing the stable research environment needed to efficiently conduct the advanced measurement research in many crucial areas—nanotechnology, information technology, communications, health care, homeland security, and others. To fulfill its mission requirements, NIST must invest in critical improvements in its Boulder and Gaithersburg facilities.
- **Develop New Measurement and Standards Infrastructure Technologies:** Through its broad and vigorous measurement research, NIST works to anticipate the infrastructure needs of next-generation technologies and industries in the United States. This forward-looking research not only yields

improvements in NIST’s measurement services, but also generates new knowledge, capabilities, and techniques that are transferred to industry, universities, and government. Next-generation measurement and standards needs require NIST to focus its long-term research efforts on specific interdisciplinary technology areas where inadequate technical infrastructure is a barrier to development, commercialization, and public benefit, including nanometrology for the future electronics and semiconductor industries; biometrology for chemical, drug, agriculture, forensics, and healthcare industries; and quantum computing.

- **Respond to New National Priorities:** New national needs have been identified to which NIST is uniquely positioned to respond because of its multidisciplinary technical expertise, objectivity, and mission, and because of its ability to develop objective and technically rigorous standards. NIST will use these abilities to develop, test, and deploy enterprise integration standards and other national and international standards.

NTIS: Strategic Priorities for FY 2007

NTIS’ priority is to contribute successfully to the Department of Commerce’s strategic goal of fostering science and technological leadership through improved productivity, quality, dissemination, and efficiency of research. To that end, NTIS is committed to increasing the number of new items it makes available, increasing the number of information products disseminated annually and enhancing customer satisfaction.

Unit Cost Measures

NIST

The FY 2005 PART assessment of the NIST Laboratories noted that “R&D-performing organizations typically cannot provide unit cost measures of efficiency due to the long timeframe for research, multivariate inputs, and diverse sets of outputs that derive from R&D activities.” NIST is developing unit cost measures for the MEP program. NIST has agreed to identify alternative measures of programmatic efficiency.

NTIS

NTIS’ primary objective is to collect, disseminate, and preserve scientific and technical information. This valuable information is made available for distribution in a variety of formats designed to accommodate customers’ needs. Two of these formats are representative of the shift of information dissemination from the traditional paper product to electronic dissemination. The average cost to disseminate this information to the public is reflected in the unit cost measures below.

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Unit cost to disseminate a paper product	\$83.31	\$87.75	\$90.00	\$95.00	\$100.00	\$105.00
Unit cost to disseminate an electronic product	\$5.88	\$6.59	\$6.25	\$6.00	\$5.75	\$5.50

As more information is disseminated electronically and advances in e-government continue to be made, unit cost of electronic dissemination is expected to continue to decline. Conversely, larger documents are still requested in print while smaller documents are electronically disseminated. Larger documents, because of their size, color, and print requirements, are more costly per unit.

PART Assessment

NIST

- **NIST Laboratory Program**

The PART assessment of the NIST Laboratories during the FY 2005 budget cycle found the Laboratories to be “effective.” Details on the PART’s findings are provided in the sections pertaining to NIST Performance Goal 1.

- **Advanced Technology Program**

The PART assessment of the NIST Advanced Technology Program during the FY 2004 budget cycle found ATP to be “adequate.” Details on the PART’s findings are provided in the section pertaining to NIST Performance Goal 2.

- **Hollings Manufacturing Extension Partnership**

The PART assessment of the NIST Hollings Manufacturing Extension Partnership Program during the FY 2004 budget cycle found the MEP Program to be “moderately effective.” Details on the PART’s findings are provided in the section pertaining to NIST Performance Goal 3.

NTIS

A PART assessment for NTIS has not been conducted.

Target and Performance Summary

NIST Performance Goal 1: Promote innovation, facilitate trade, ensure public safety and security, and help create jobs by strengthening the nation's measurements and standards infrastructure

	FY2001 Target	FY2001 Actual	FY2002 Target	FY2002 Actual	FY2003 Target	FY2003 Actual	FY2004 Target	FY2004 Actual	FY2005 Target	FY 2005 Actual	FY2006 Target	FY2007 Target
Qualitative assessment and review of technical quality and merit using peer review	Complete	Completed	Complete	Completed	Complete	Completed	Complete	Completed	Complete	Completed	Complete	Complete
Peer-reviewed technical publications	New	New	New	New	New	1,267	1,300	1,070	1,100	1,148	1,100	1,100
Standard Reference Materials Sold	New	31,985	New	30,906	New	29,527	29,500	30,490	29,500	32,163	30,000	30,000
NIST-maintained datasets downloaded	New	New	New	New	New	55,653,972	56,000,000	73,601,352	80,000,000	93,000,000	80,000,000	80,000,000
Number of calibration tests performed	New	New	New	14,617	New	13,987	New	12,503	New	12,849	12,000	12,000

NIST Performance Goal 2: Accelerate private investment in and development of high-risk, broad-impact technologies¹

	FY2001 Target	FY2001 Actual	FY2002 Target	FY2002 Actual	FY2003 Target	FY2003 Actual	FY2004 Target	FY2004 Actual	FY2005 Target	FY 2005 Actual	FY2006 Target	FY2007 Target²
Cumulative number of publications	720	747	770	969	840	1,245	990	1,462	1,520	Available 05/2006	1,760	N/A
Cumulative number of patents	790	800	930	939	1,020	1,171	1,220	1,254	1,340	Available 05/2006	1,550	N/A
Cumulative number of projects with technologies under commercialization	180	195	190	244	210	271	250	296	320	Available 05/2006	320	N/A

¹This performance goal is applicable only through FY 2006. Due to the cumulative nature of ATP's performance measures, there is a 3-5 year lag from initial project funding to the generation of measurable outputs and outcomes; performance data will continue to accumulate through the next several fiscal years before reflecting the budgetary changes proposed for fiscal year 2007. FY 2005 targets have been revised to reflect final FY 2004 data. Actual data for FY 2005 will be available in May 2006.

²Phase-out of the ATP program will be initiated in FY 2006; therefore, performance targets for FY 2007 are not applicable.

NIST Performance Goal 3: Raise the productivity and competitiveness of small manufacturers

	FY2001 Target	FY2001 Actual	FY2002 Target	FY2002 Actual	FY2003 Target	FY2003 Actual	FY2004 Target⁴	FY2004 Actual⁵	FY2005 Target⁶	FY 2005 Actual	FY2006 Target⁷	FY2007 Target⁸
Number of clients served by MEP Centers receiving Federal funding ³	New	21,420	21,543	18,748	16,684	18,422	6,517	16,090	16,640	Available 12/2006	18,997	TBD
Increased sales attributed to MEP Centers receiving Federal funding	\$708M	\$636M	\$726M	\$953M	\$522M	\$1,483M	\$228M	\$1,889M	\$591M	Available 12/2006	\$674M	TBD
Capital investment attributed to MEP Centers receiving Federal funding	\$913M	\$680M	\$910M	\$940M	\$559M	\$912M	\$285M	\$941M	\$740M	Available 12/2006	\$844M	TBD
Cost savings attributed to MEP Centers receiving Federal funding	\$576M	\$442M	\$497M	\$681M	\$363M	\$686M	\$156M	\$721M	\$405M	Available 12/2006	\$461M	TBD

NTIS Performance Goal 1: Enhance public access to worldwide scientific and technical information through improved acquisition and dissemination activities

	FY2001 Target	FY2001 Actual	FY2002 Target	FY2002 Actual	FY2003 Target	FY2003 Actual	FY2004 Target	FY2004 Actual	FY2005 Target	FY 2005 Actual	FY2006 Target	FY2007 Target
Number of New Items Available (Annual)	New	505,068	510,000	514,129	520,000	530,910	525,000	553,235	530,000	658,138	660,000	665,000
Number of Information Products Disseminated (Annual)	New	14,542,307	16,000,000	16,074,862	17,000,000	29,134,050	18,000,000	25,476,424	25,800,000	26,772,015	27,000,000	27,100,000
Customer Satisfaction	New	97%	97%	98%	98%	97%	98%	96%	95% - 98%	98%	95% - 98%	95% - 98%

³FY 2001 and FY 2002 data for this measure have been adjusted from previously reported figures. Actual counts reported in the FY 2004 Annual Performance Plan were the result of a reporting error.

⁴ FY 2004 targets are based on the FY 2004 Consolidated Appropriations bill, which included an annual level for MEP of \$39.6M (which, less recessions, netted \$38.7M).

⁵ Due to the funding cycle of MEP Centers the MEP system was able (on a one-time basis) to manage the funding decrease in FY 2004 with minimal impact to actual Center funding levels. The MEP system would not be able to sustain the current number of centers in the event of future funding cuts of a similar nature.

⁶FY 2005 targets are based on an appropriation of \$106M.

⁷FY 2006 targets are based on an appropriation of \$104.6M.

⁸FY 2007 targets are under development and are expected in summer 2006.

Skill Summary:

At the end of FY 2005, the staffs of the three component bureaus of TA reflected the following levels of educational attainment:

- Total US/OTP staff included 5% Ph.D., 32% M.A. or M.S., and 42% B.A. or B.S. holders.
- Total NIST staff included 31% Ph.D., 15% M.A. or M.S., and 19% B.A. or B.S. holders. The breakdown of professional staff by major NIST organization was:
 - NIST Laboratories: 59% Ph.D., 18% M.A. or M.S., 17% B.A. or B.S. holders
 - Advanced Technology Program: 46% Ph.D., 32% M.A. or M.S., 20% B.A. or B.S. holders
 - Hollings Manufacturing Extension Partnership: 67% M.A. or M.S. holders
 - Baldrige National Quality Program: 29% Ph.D., 29% M.A. or M.S., 29% B.A. or B.S. holders
- Total NTIS staff included 6% M.A. or M.S. and 22% B.A. or B.S. holders.

Resource Requirements Summary

Dollars in Millions. Funding amounts reflect total obligations.

Information Technology (IT)

Full Time Equivalent (FTE)

NIST Laboratory Performance Goal: Promote innovation, facilitate trade, ensure public safety and security, and help create jobs by strengthening the Nation's measurement and standards infrastructure

	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Estimate	FY 2007 Base	Increase/ Decrease	FY 2007 Request
Total Funding	579.2	614.2	576.9	621.6	763.2	596.8	104.6	701.5
IT Funding	64.6	67.5	63.1	65.6	67.5	70.4	0.0	70.4
FTE	2,707	2,725	2,672	2,503	2,713	2,720	147	2,867

NIST ATP Performance Goal: Accelerate private investment and development of high-risk, broad-impact technologies

	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Estimate	FY 2007 Base	Increase/ Decrease	FY 2007 Request*
Total Funding	198.1	199.7	187.2	138.3	83.0	91.5	-79.0	12.5
IT Funding	5.0	5.3	2.1	2.2	1.5	0.0	0.0	0.0
FTE	249	247	204	207	153	129	-68	61

* No appropriation is being requested for FY 2007; obligations are funded by projected prior year carryover.

NIST MEP Performance Goal: Raise the productivity and competitiveness of small manufacturers

	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Estimate	FY 2007 Base	Increase/ Decrease	FY 2007 Request
Total Funding	108.5	111.3	46.9	102.7	113.2	105.0	-58.3	46.7
IT Funding	3.1	2.6	1.5	1.0	1.0	1.0	0.0	1.0
FTE	89	89	68	71	64	64	-18	46

NTIS Performance Goal: Enhance public access to world wide scientific and technical information through improved acquisition and dissemination activities

	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Estimate	FY 2007 Base	Increase/ Decrease	FY 2007 Request
Total Funding	27.7	27.7	19.2	15.9	48.7	41.0	0.0	41.0
IT Funding	10.7	5.7	5.4	3.5	3.6	3.6	0.0	3.6
FTE	186	181	165	157	200	200	0	200

Grand Total	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Estimate	FY 2007 Base	Increase/ Decrease	FY 2007 Request
Total Funding	913.5	952.8	830.1	878.5	1008.0	834.4	-32.7	801.7
IT Funding	83.4	81.1	72.1	72.3	73.6	74.0	0.0	75.0
FTE	3,231	3,242	3,109	2,938	3,130	3,113	61	3,174

NIST Performance Goal 1: Promote innovation, facilitate trade, ensure public safety and security, and help create jobs by strengthening the Nation’s measurement and standards infrastructure.

Corresponding DOC Strategic Goal and Objective:

Strategic Goal 2: Foster science and technological leadership by protecting intellectual property, enhancing technical standards, and advancing measurement science.

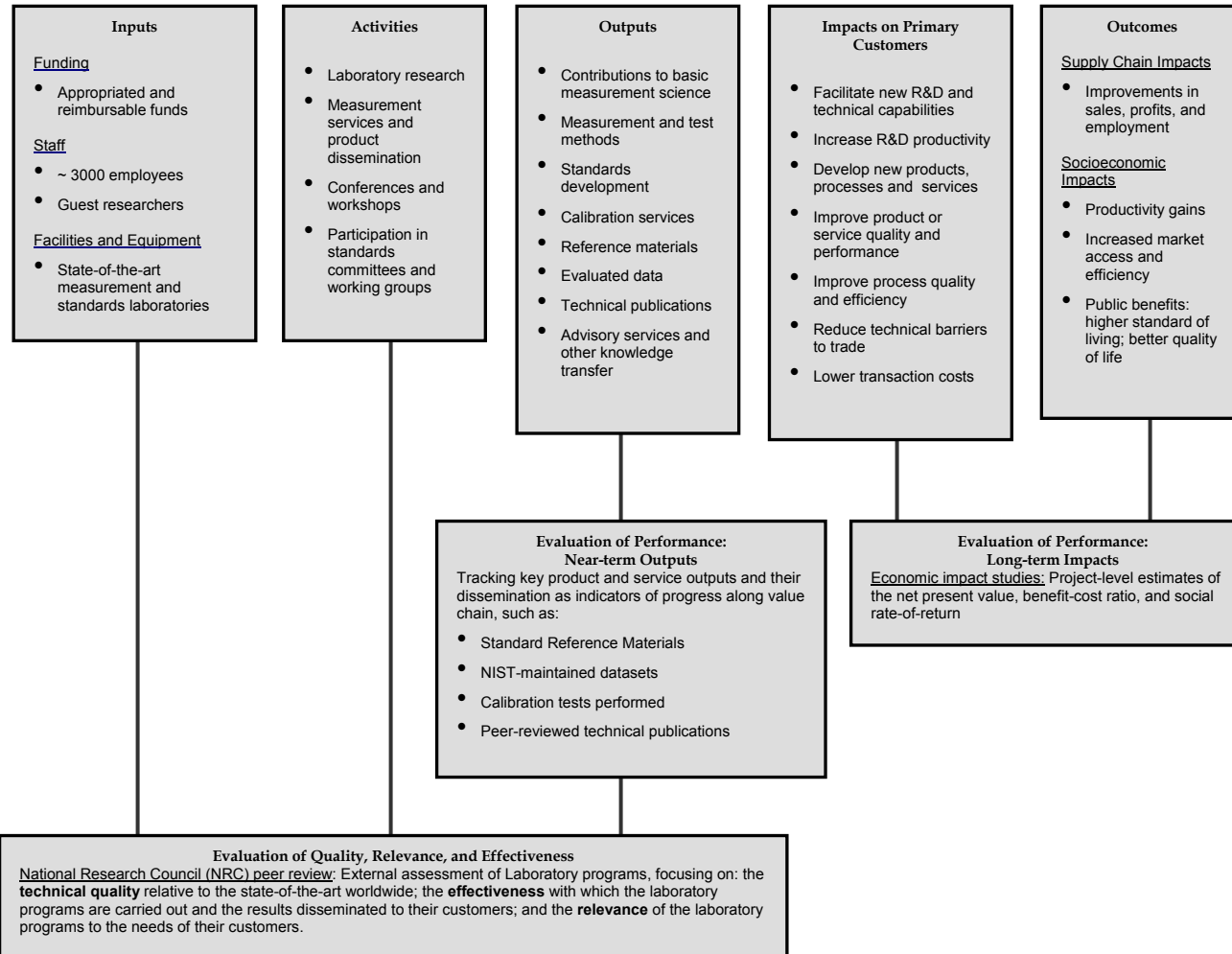
General Goal/Objective 2.1: Develop tools and capabilities that improve the productivity, quality, dissemination, and efficiency of research.

Rationale for Performance Goal:

As the National Measurement Institute for the United States, NIST is uniquely responsible for establishing and maintaining an efficient system that links the fundamental units of measurement to the measurement methods used by industry, universities, and other government agencies. The Nation’s ability to innovate, grow, and create high value jobs relies on a robust scientific and technical infrastructure – including the measurement and standards provided by the NIST Laboratories. The NIST Laboratories perform research to develop the measurement tools, data, and models for advanced science and technology. The model below depicts the NIST Laboratory Program’s value-creation chain – from inputs like funding and staff to outcomes like productivity gains and improved quality of life. The model also includes the methods and measures used to evaluate quality, relevance, and performance along the impact path, each of which is described in more detail in the sections that follow.

NIST has designed its performance evaluation system to accommodate the organization's unique mission and impact path as well as to respond to the intrinsic difficulty of measuring the results of investments in science and technology. Like other Federal science organizations, the primary output of NIST's laboratory research is scientific and technical knowledge, which is inherently difficult to measure directly and comprehensively. In addition, the outcomes from research often do not begin to accrue until several years after the research program has been completed, and the diffusion of benefits often affects broad segments of industry and society over long time periods. Given these challenges, the NIST Laboratory Program evaluates its performance using an appropriate mix of specific output tracking, peer review, and economic impact analyses. Taken together, these evaluation tools, combined with continual feedback from customers, provide NIST management and external stakeholders with a detailed and broad view of NIST's performance toward its long-term goals.

NIST Laboratory Program: Impact and Evaluation Logic Model



FY 2007 Program Changes:

Program Initiatives	Funding Request	Anticipated Impact	Location of Program Justification in the Budget Document
Physical Science to Enable Innovation: A Measurement Science & Standards Initiative	\$72,000,000	<p>As part of the President’s 10-year American Competitiveness Initiative, an increase of \$72M is requested for key investment to promote U.S. innovation and global competitiveness:</p> <ul style="list-style-type: none"> ▪ Enabling Nanotechnology from Discovery to Manufacture – will develop and make available the world’s most advanced nanoscale measurement and fabrication methods to partners from industry, universities, and other government agencies through the full establishment of a Center for Nanoscale Science and Technology (CNST). ▪ NIST Center for Neutron Research (NCNR) Expansion and Reliability Improvements: A National Need – will expand and improve the NCNR by developing better hydrogen cold source and optical systems to deliver more neutrons to the instruments; developing a neutron scattering instrument to enable new, more sensitive, higher spatial resolution analytical tools; and improving facility maintainability and reliability by replacing aging control systems. ▪ Enabling the Hydrogen Economy – will enable development of more powerful, efficient, and durable fuel-cell designs; ensure accurate measures of hydrogen at points of sale; and facilitate safer storage, distribution, and delivery of hydrogen in the marketplace. ▪ Manufacturing Innovation through Supply Chain Integration – will foster a seamless global supply chain – shortening design-to-manufacturing cycle, improving quality, and lowering costs. ▪ Quantum Information Science-Infrastructure for 21st Century Innovation – will enable unbreakable encryption for verifiably secure electronic financial transactions and exchange of classified information as well provide vastly greater computing power usable for breaking non-quantum encryption. This will be accomplished both via in-house research and through the establishment of a Joint Quantum Institute, a strategic partnership between NIST, a university, and the National Security Agency. ▪ Structural Safety in Hurricanes, Fires, and Earthquakes – will enable a reduction in the risk of losses from extreme natural events. ▪ Synchrotron Measurement Science and Technology: Enabling Next Generation Materials Innovation – will provide the measurement science and standards capabilities required to collaboratively develop state-of-the-art tools for properly characterizing and evaluating the complex materials necessary to transition innovative research into manufactured solutions. ▪ International Standards and Innovation: Opening Markets for American Workers and Exporters – will support U.S. competitiveness and innovation by ensuring that U.S. businesses are equipped to satisfy standards-related requirements in key export markets. ▪ Innovations in Measurement Science – will advance NIST’s capabilities in the core measurement science areas underpinning technology innovation, enabling NIST to anticipate industry needs and develop the measurement science needed by the next generation of technology. ▪ BioImaging: A 21st Century Toolbox for Medical Technology – a partnership with the National Institutes of Health and the bioimaging industry that will provide the necessary measurements to pave the way for innovative diagnostics. 	Scientific and Technical Research and Services Appropriation; NIST Laboratories Activity

Program Initiatives	Funding Request	Anticipated Impact	Location of Program Justification in the Budget Document
Physical Science to Enable Innovation: A Measurement Science & Standards Initiative		<ul style="list-style-type: none"> ▪ Cyber Security: Innovative Technologies for National Security – will develop methodologies to provide mechanisms to assign security confidence levels, to measure improvements in the overall security of a system, and to identify and mitigate would-be attackers. ▪ Biometrics: Identifying Friend or Foe? – will develop appropriate measurements and standards to support testing and evaluation of enhanced biometric systems. 	Scientific and Technical Research and Services Appropriation; NIST Laboratories Activity
Physical Science to Enable Innovation: A Measurement Science & Standards Initiative	\$12,000,000	As part of the President’s 10-year American Competitiveness Initiative, an increase of \$12M is requested for: Construction Related Expenses of the NIST Center for Neutron Research Expansion – expansion of the Nation’s leading neutron research facility resulting in increased cold neutron beam capacity necessary for next-generation neutron scattering instruments; increased number of world-class neutron instruments; and increased scientific collaborations with an array of external research participants.	Construction of Research Facilities Appropriation; Construction and Major Renovations Activity
Facilities Improvement Plan	\$20,100,000	As part of the President’s 10-year American Competitiveness Initiative, an increase of \$20.1M is requested for improvements in the infrastructure necessary for accurate measurement research at NIST, as needed to foster technological innovation and enable new generations of science, technology, and competitive products.	Construction of Research Facilities Appropriation; Construction and Major Renovations Activity

The program changes for the NIST Laboratory Programs represent specific “projects” or research areas NIST will develop in support of the Nation’s technical infrastructure. While these projects link directly to the goals of the NIST Laboratory Programs, progress and performance is measured at the individual project level through milestone tracking of major project outputs, such as those described in the budget narratives. Without funding, those outputs will be forgone along with the associated benefits (outcomes) described in each narrative.

Measure 1a: Qualitative assessment of technical quality, merit or relevance, and performance using peer review

Explanation of Performance Measure:

Since 1959, the NIST Laboratories have been reviewed annually by the National Research Council (NRC). The annual NRC Board on Assessment (BOA) of NIST Programs review is independent, technically sophisticated, and extensive. The assessment process focuses on the quality, relevance, and technical merit of the NIST Laboratories Program to ensure it is developing and promoting the infrastructure tools and measurement standards needed by industry, academia, and other government agencies.

The review Board consists of approximately 150 scientists and engineers organized into seven panels (one for each of the seven NIST Laboratories), plus two sub-panels for specialized programs. Each year the lab-specific panels conduct a two to three day on-site review of each laboratory's technical quality, paying particular attention to the following factors, as charged by the NIST Director:

- The technical quality and merit of the laboratory programs relative to the state-of-the-art worldwide;
- The effectiveness with which the laboratory programs are carried out and the results disseminated to their customers;
- The relevance of the laboratory programs to the needs of their customers; and
- The ability of the Laboratories' facilities, equipment, and human resources to enable the Laboratories to fulfill their mission and meet their customers' needs.

In FY 2004, the reporting process was modified to allow additional focus on the technical exchange between NIST staff and the reviewers as well as increased interactions among external reviewers. While the NRC BOA continues to conduct on-site annual reviews and feedback, the Board produces a biennial report that includes findings over the two year evaluation period. The 2004-2005 assessment report is available at <http://www7.nationalacademies.org/nist/>. The table below provides summary statements for the laboratories excerpted from NRC's 2004-05 report.

Sample Statements from NRC Peer Review, FY 2005

LABORATORY

Electronics and Electrical Engineering (EEL)	"The overall technical quality of EEL continues to be very high and innovative. The EEL has an outstanding staff, a solid history of achievement, and close ties to customers. The projects are generally well aligned with the NIST mission and provide an excellent value for the money to the country and its industrial infrastructure.... Metrology, though recognized as NIST's core competency, is being seriously compromised in recent years, particularly through funding competition with the Strategic Focus Areas. The EEL should undertake a conscientious reexamination of this trend in order to reach a clear decision about the laboratory's level of commitment to metrology and to develop a strategy for implementing the decision." (pp. 4-1, 4-2).
Manufacturing Engineering (MEL)	"All MEL divisions for the most part are doing excellent technical work. For the programs evaluated, the divisions demonstrated that their activities were focused on those programs determined most essential to the mission of MEL and NIST. In some cases... projects had reached the stage of needing reevaluation and redirection on the basis of work being done elsewhere and shifts in priorities. Adjustments in assignments will continue to be a key activity of MEL management, to ensure that projects are properly concluded and new ones are started in a logical manner." (p. 6-1).
Chemical Science and Technology (CSTL)	"The CSTL is truly a national resource, conducting outstanding research to support the continued development of a wide range of measurement capabilities, providing critical and reliable chemical and physical properties data and essential reference standards. Its work spans the entire scientific spectrum, from fundamental physics through chemistry and into biology, and supports an astonishingly diverse group of industries. The quality of the scientific staff is superb, and the laboratory has undergone a rather dramatic transformation over the past decade or so to become entrepreneurial and customer-focused while being mindful to maintain and advance its core competencies." (p. 3-1).

Physics (PL)	“During the assessment period there has been excellent progress in the development and advancement of optical standards, an area in which NIST excels.... A challenge faced by the Physics Laboratory is the need to retain and recruit high-profile scientists who are in demand by universities or industry..... In general, the relevance of the work in all divisions of the Physics Laboratory is high to very high.” (pp. 8-2, 8-7).
Materials Science and Engineering (MSEL)	“The MSEL has impressive programs of very high quality and technical merit as well being both relevant and effective.... The MSEL fulfills its NIST mission well, and effectively disseminates information through the production of Standard Reference Materials (SRMs), Recommended Practice Guides, and databases....[The NIST Center for Neutron Research’s] internal science program covers an impressive range with excellent depth. Good topics are pursued with highly visible results, and many problems addressed have technological interest. Nonetheless, there must be steady critical review of the technical relevance and scientific novelty of the internal work.” (pp. 7-1, 7-9).
Building and Fire Research (BFRL)	“In the past 2 years, BFRL has had an outstanding record of service to the country.... The BFRL was very active during the past 2 years, to a large extent because of the extra burdens of major research for the country on the WTC [World Trade Center] investigations and the application of new and developed procedures for the determination of contaminant spread in buildings. The WTC activities, along with the investigation of the fire at The Station nightclub in Rhode Island, represent the first two official investigations carried out under NCSTA [National Construction Safety Team Act of 2002]. The excellent manner in which these investigations were carried out is a highlight of this period for BFRL and an example of the ability of this laboratory to marshal expertise, both from in-house and from outside consultants, and to manage such investigations in a fully professional manner.” (pp. 2-1, 2-2).
Information Technology (ITL)	“The Information Technology Laboratory ranks with the best of the U.S. government laboratories in the quality and merit of its technical work. The technical quality of the work is uniformly very high across all six divisions.... The projects reviewed generally evinced high technical quality because of the caliber of the scientists, the significant accomplishments in the work, and the collaboration with other scientists enabling breakthrough work that could not be done in isolation.” (pp. 5-3).

Measure 1b: Peer-reviewed technical publications

Technical publications represent one of the major mechanisms NIST uses to transfer the results of its research to support the nation’s technical infrastructure and provide measurements and standards – vital components of leading-edge research and innovation – to those in industry, academia, and other government agencies. Each year, NIST’s technical staff produces a total of 2,000 to 2,200 manuscripts and publications with approximately 50-60 percent appearing in prestigious scientific peer-reviewed journals. This measure is a direct count of NIST technical manuscripts that have been reviewed and approved for publication in peer-reviewed journals by the NIST Editorial Review Boards at both the Gaithersburg and Boulder sites, as well as the number of approved manuscripts actually published in peer-reviewed journals in that fiscal year. A peer-reviewed journal is a publication in which articles are formally reviewed by the journal’s editors and/or a panel of experts and respected researchers in a specific field of study before being accepted for publication. Ulrich’s Periodical Directory (www.ulrichsweb.com) is used to determine the status of a publication in which a NIST manuscript appears. This measure reflects in part the quality and demand for NIST publications.

In addition to peer-reviewed journals, NIST publishes its measurement methods and standards through conference proceedings, NIST interagency reports, and special publications. For example, the NIST Journal of Research highlights NIST’s research and development in the area of metrology and related fields of physical science, engineering, applied mathematics, statistics, biotechnology, and information technology. Also, special publications such as NIST Recommended Practice Guides target specific industries and provide users with valuable guidance on specialized measurement techniques and methods for interpreting results.

FY 2006 and FY 2007 Targets: This measure represents a direct count of the number of NIST technical manuscripts that have been reviewed and approved for publication in peer-reviewed journals by the NIST Editorial Review Boards at both the Gaithersburg and Boulder sites plus the number of approved manuscripts

published in peer-reviewed journals in each fiscal year. This measure was adopted in FY 2005 to better reflect the quality and demand for NIST research results and standards services. While NIST expects to produce a consistent number of technical publications peer-reviewed publications over time, target estimates may need to be adjusted once additional trend data are available.

Measure 1c. Standard Reference Materials (SRMs) sold

Standard Reference Materials are the definitive source of measurement traceability in the United States; all measurements using SRMs can be traced to a common and recognized set of basic standards that provides the basis for compatibility of measurements among different laboratories. SRMs are certified in the NIST Laboratories for their specific chemical and material properties. Customers use SRMs to achieve measurement quality and conformance to process requirements that address both national and international needs for commerce and trade and public safety and health. For example, NIST recently developed a new SRM that will help researchers better measure oxidative DNA damage implicated in the progression of cancer and other diseases. SRM 2396, the first standard provided by NIST to be used in the field of oxidative DNA damage and repair, can be used to calibrate equipment and methods to help establish measurement accuracy and consistency among different laboratories.

FY 2006 and FY 2007 Targets: This measure represents a direct count of the number of SRM units sold to customers in industry, academia, and other government agencies. Recent trends illustrate a high (roughly 30,000 per year) but slightly declining number of SRMs disseminated annually, predominantly due to technological improvements in equipment and testing methods that will continue to reduce the overall frequency with which test equipment and methods are calibrated using reference materials. NIST expects this trend to stabilize over time, resulting in a consistent number of SRMs disseminated annually.

Measure 1d. Downloads of NIST-maintained datasets

NIST provides on-line access to over 80 scientific and technical databases. These databases cover a broad range of substances and properties from a variety of scientific disciplines. Some datasets – such as the NIST Chemistry WebBook, NIST Physical Reference Data Systems, and the NIST Ceramics WebBook – are comprehensive and contain a large number of databases, while others serve very specific applications. NIST's on-line data systems are heavily used by industry, academia, other government agencies, and the general public and represent another method NIST uses to deliver its measurements and standards tools, data, and information. This measure is a direct count of the average annual number of downloads of NIST-maintained data. While this count demonstrates a very high level of data dissemination, it does not capture the distinct number of users that have accessed the databases. (NIST cannot and does not collect user-specific data on web transactions.)

FY 2006 and FY 2007 Targets: This measure was developed and incorporated into the FY 2005 annual performance plan. While over time NIST expects a consistent level of on-line data dissemination, it is difficult to develop long-term target estimates without additional trend data, and FY 2006 and 2007 targets may need to be adjusted.

Measure 1e. Number of calibration tests performed

NIST offers more than 500 different types of physical calibrations in areas as diverse as radiance temperature, surface finish characterization, and impedance. NIST calibration services and special tests are characterizations of particular instruments, devices, and sets of standards with respect to international and national standards. NIST calibration services provide the customer with direct traceability to national and international primary standards. This measure illustrates the

quantity of physical measurement services provided by NIST for its customers, including calibration services, special tests, and Measurement Assurance Programs (MAPs). MAPs are quality control programs for calibrating entire measurement systems.

The output data represent a direct count of calibration tests performed. The data provide information on service output levels only and represent a measure of throughput but not workload per se, as the time and calibration effort required can vary substantially across calibration tests. As with SRMs and NIST-maintained data, downstream impact is a function of the nature of individual calibration services provided more than the sheer volume of tests performed.

FY 2006 and FY 2007 Targets: This measure has been adjusted to better demonstrate the level of calibration output. NIST has moved from reporting the number of items calibrated to reporting the number of tests performed in a given fiscal year. FY 2007 represents the first year NIST will begin formally reporting progress on this measure; however, historical data have been provided. While the annual demand for calibrations can fluctuate due to several factors outside NIST’s control, including changes in the calibration intervals of large customers, changes in the average calibration interval rate in any given year, consolidation of calibration activities within large R&D organizations, and industry consolidation (as, for example, in defense-related industries), NIST expects to perform a consistent number of calibrations annually.

External Program Evaluation:

Visiting Committee on Advanced Technology

The programmatic goals, strategic direction, and management policies of NIST as a whole, including each of its major programs, are reviewed regularly by the Visiting Committee on Advanced Technology (VCAT). The VCAT is a legislatively mandated panel of external advisors that meets quarterly to review NIST’s general policy, organization, budget, and programs. Refer to the text box for the current list of VCAT members; see also <http://www.nist.gov/director/vcat/index.htm> for additional information on the VCAT, including its most recent annual report.

NIST Visiting Committee on Advanced Technology (VCAT):		
FY 2005 Membership		
Dr. John F. Cassidy , Senior Vice President, Science and Technology United Technologies Corporation	Mr. Scott Donnelly , Senior Vice President, General Electric Co.	Mr. Gary D. Floss , Managing Director Bluefire Partners, Inc.
Dr. Deborah L. Grubbe , P.E., VCAT Vice Chair, Vice President, Group Safety BP International	Dr. Lou Ann Heimbrook , Vice President Global Operations, Merck Research Laboratories Merck & Co., Inc.	Dr. Donald B. Keck , Retired Vice President, Research Director Corning Incorporated
Mr. Edward J. Noha , Chairman Emeritus CNA Financial Corporation	Dr. Juan M. Sanchez , Vice President for Research University of Texas, Austin	Mr. Thomas A. Saponas , Retired Senior Vice President and Chief Technology Officer Agilent Technologies
Dr. April M. Schweighart , VCAT Chair, Retired Product Business Manager Motorola	Dr. James W. Serum , President SciTek Ventures	Dr. E. David Spong , Vice Chairman ChangeAgent, Inc.
Dr. W. Wyatt Starnes , Chairman & CEO SignaCert, Inc.	Mr. Robert T. Williams , Vice President Track-Type Tractors Division Caterpillar, Inc.	

Program Assessment Rating Tool

During the FY 2005 budget cycle, the NIST Laboratory Programs were assessed using the Program Assessment Rating Tool (PART). The evaluation of the NIST Laboratory Programs was positive, with an overall rating of “effective.” The PART assessment included the following highlights:

- The NIST Laboratory Programs have a clear, well-defined, and unique purpose. The measurement and standards capabilities provided by the NIST Laboratory Programs are a critical component of the Nation’s scientific, technical, and economic infrastructure.

- The NIST Laboratory Programs are well-managed with strong strategic planning, program management, and performance evaluation processes. NIST's external advisory committees and peer review system are a particularly strong component of its management and evaluation system.
- During the course of the PART review, NIST began to revise its long-term goals and improve some of its quantitative output metrics. NIST made a number of corresponding revisions in time for the new goals and metrics to appear in this integrated budget submission and performance plan for FY 2005.

Responses to PART recommendations related to long-term goals and quantitative output metrics were implemented in the FY 2005 combined budget and performance plan. NIST will continue to work to continuously improve performance measures and identify useful measures of efficiency. The PART noted that R&D-performing organizations typically cannot provide unit cost measures of efficiency due to the long time frame for research, multivariate inputs, and diverse sets of outputs that derive from R&D activities.

Crosscutting Activities:

Intra-Department of Commerce

- **NOAA:** NIST works with NOAA on the Federal Natural Disaster Reduction Initiative, which is focused on reducing the costs of natural disasters and saving lives through improved warnings and forecasts and information dissemination. Also, NIST and NOAA are among a group of Federal agencies focused on the global climate change initiative to accelerate new global observation technologies to improve the understanding of global climate change.
- **NTIA:** NIST and NTIA cooperate to support development of ultrawideband signal technology, a new wireless technology that will improve communications for emergency services and other applications.
- **ITA:** NIST has a long history of collaboration with ITA on technical barriers to trade. Currently, NIST & ITA are collaborating closely under the terms of the DOC Standards Initiative.

Other government agencies

NIST provides research and services in measurement and standards to almost every other agency in the Federal government with scientific missions contracted through specific Interagency Agreements or memoranda of understanding. NIST measurement research, services, and facilities have long contributed to national defense and security, to the nationwide safety and quality assurance systems that ensure the accuracy of health care measurements, to the accuracy of environmental measurements, and to law enforcement standards. NIST plays an essential role in a wide variety of intragovernmental and government–industry coordination committees. For example, NIST has leadership positions on the committees, subcommittees, and working groups of the National Science and Technology Council (NSTC).

Private sector

NIST's mission is to work with industry to develop and apply technology, measurements, and standards. As such, the NIST Laboratories have extensive and diverse interactions with industry, which provide an important source of information about the quality, direction, and future demand for NIST products and services. Many of the laboratories' primary outputs, such as Standard Reference Materials and calibration services, are critically important to the quality and cost efficiency of products and production processes throughout U.S. industry. In addition, the NIST staff use technical publications, conferences, and workshops as mechanisms to transfer the results of their work to the U.S. private sector that need cutting-edge measurements and standards.

External Factors and Mitigating Circumstances:

Industry-specific business conditions and technological developments affect the level and range of demand for NIST products and services over time. In general, NIST seeks to mitigate the effects of external technological and market uncertainties by maintaining varied and close relationships with its customer base. Through conferences, workshops, technology roadmaps, and many other forms of interaction with its customers, NIST regularly evaluates and adjusts to the direction and level of demand for measurements, standards, reference data, test methods, and related infrastructural technologies and services.

NIST Performance Goal 2: Accelerate private investment in and development of high-risk, broad-impact technologies (this goal is discontinued for the FY 2007 Budget).

Corresponding DOC Strategic Goal and Objectives:

Strategic Goal 2: Foster science and technological leadership by protecting intellectual property, enhancing technical standards and advancing measurement science.

General Goal/Objective 2.1: Develop tools and capabilities that improve the productivity, quality, dissemination, and efficiency of research

Explanation of Performance Measures:

The FY 2007 Budget continues the phase-out of the ATP program, a grant program for businesses that was intended to develop new technologies for commercial use.

In the early and mid stages of project evolution, ATP tracks key outputs from projects through its Business Reporting System, an internal database drawing data from regular, systematic electronic project surveys and supplementary telephone surveys. Key indicators in FY 2006 representing the generation and diffusion of new commercially relevant technical knowledge are patents and technical publications generated by ATP-funded projects.

Measure 2a: Cumulative Number of Publications

Publications indicate the diffusion of technical knowledge that results from ATP investment in the development of new technologies, and participants in more than half of ATP-funded projects have published and presented papers in technical professional journals. The cumulative count of publications generated by all ATP-funded research through the close of a given fiscal year represents a major channel for the diffusion of technical knowledge that results from ATP funding.

FY 2006 Targets: Projections are based on extrapolations of past publication rates and projections of projects initiated and completed over time and are updated to reflect all currently available data. These targeting mechanisms are not perfectly accurate for several reasons. The publication data are impacted by delays in ATP project completion and/or project terminations, both of which are difficult to predict years in advance. In addition, publication rates vary significantly across technology areas. As a result, publication activity will be affected by changes in ATP's completed project portfolio. Phase-out of the ATP program will be initiated in FY 2006; therefore, performance targets for FY 2007 are not applicable.

Measure 2b. Cumulative Number of Patents

The second of ATP's output measures focuses on the creation of new knowledge resulting from ATP-funded projects. The measure represents a cumulative direct count of the number of patents filed by all ATP-funded research project participants through the close of a given fiscal year.

FY 2006 Targets: Projections are based on extrapolations of past patenting rates and projections of projects initiated and completed over time, and are updated to reflect all currently available data. These targeting mechanisms are not perfectly accurate for several reasons. First, the patenting process is difficult to predict, and thus, for example, it is possible that patents projected to materialize in one fiscal year might not occur (or be reported) until the following year. Second, the patenting data are impacted by delays in ATP project completion and/or project terminations, both of which are difficult to predict years in advance, and the proclivity to patent varies significantly across technology areas and markets, due in part to differences in the utility and role of intellectual property protection. Phase-out of the ATP program will be initiated in FY 2006; therefore, performance targets for FY 2007 are not applicable.

Measure 2c. Technologies Under Commercialization

In addition to tracking patents and technical publications, ATP's Business Reporting System also tracks mid-course outcomes of ATP-funded technology development projects up through six years after ATP funding ends. A key indicator is the number of projects with technologies under commercialization. This metric tabulates the cumulative number of projects with new technologies under commercialization that are traceable to all ATP-funded projects through the close of a given fiscal year. The measure indicates the extent to which ATP-funded research and development has either leveraged or catalyzed new products or services, which in turn improve the prospects for technology-led economic growth.

FY 2006 Targets: Out-year projections are based on extrapolations of past commercialization rates and projections of projects initiated and completed. Similar to the publication and patent metrics, the number of projects with technologies under commercialization may be impacted by delays in ATP project completion and/or project terminations. Phase-out of the ATP program will be initiated in FY 2006; therefore, performance targets for FY 2007 are not applicable.

Program Evaluation:

To provide a more comprehensive measure of mid-term outcomes from ATP funding, the program implemented a Composite Performance Rating System and has compiled and published ratings of the first 100 completed ATP projects. Under the Composite Performance Rating System, each project is scored on a set of measures of knowledge creation and dissemination and progress toward commercial goals; these are summarized in the table below.

ATP's Composite Performance Rating System: Component measures of rating

Knowledge Creation and Dissemination Measures	Commercialization Progress Measures
<ul style="list-style-type: none">▪ Technical awards▪ Collaborations▪ Patent filings▪ Publications and presentations▪ New product/process in market or expected soon	<ul style="list-style-type: none">▪ New product/process in market or expected soon▪ Attraction of capital▪ Employment gains▪ Business awards▪ Outlook

The results from all these measures are used to construct a composite performance score to indicate the overall project effectiveness against ATP's mission (measured two to three years after the end of ATP funding). The result is a four-star system of ratings, with scores ranging from zero to four stars. The results of this analysis for the first 100 completed ATP projects found that 11 percent of the projects are top-rated in terms of overall project performance, with four stars. Twenty-eight percent are in the bottom group of zero or one stars. Sixty-one percent make up the middle group.

External Program Evaluation:

Visiting Committee on Advanced Technology/ATP Advisory Committee

To supplement its comprehensive internal evaluation methods, the ATP also receives external review and evaluation. The programmatic objectives and management of ATP are reviewed regularly by the Visiting Committee on Advanced Technology (VCAT) and by the Advanced Technology Program Advisory Committee. The ATP Advisory Committee is charged with (1) providing advice on ATP programs, plans, and policies; (2) reviewing ATP's efforts to assess the economic impact of the program; (3) reporting on the general health of the program and its effectiveness in achieving its legislatively mandated mission; and (4) functioning solely as an advisory body, in accordance with the provisions of the Federal Advisory Committee Act. Additional information on the ATP Advisory Committee, including its most recent annual report, is available at http://www.atp.nist.gov/adv_com/ac_menu.htm.

National Research Council

Over the past decade, ATP has been the subject of external reviews focused on program performance, including two broad programmatic reviews by the National Research Council (NRC) Board on Science, Technology, and Economic Policy (STEP). The results of the first NRC review are available in a report entitled *The Advanced Technology Program: Challenges and Opportunities*, published in 1999 and online at <http://www.nap.edu/books/0309067758/html/>. The report from the second NRC review was published in 2001 and is available online at <http://www.nap.edu/books/030907410X/html/>.

Program Assessment Rating Tool (PART)

During the FY 2004 budget cycle, ATP was evaluated using the new Program Assessment Rating Tool (PART) and received an "adequate" rating.

Cross-cutting Activities:

Other government agencies

The Advanced Technology Program (ATP) leverages the expertise of scientists and engineers from a wide variety of government agencies and laboratories participating on ATP Source Evaluation Boards. In addition, ATP program managers work with program managers from other government agencies to ensure that projects are complementary and relevant: coordination committees in several disciplines have been brought together for this purpose. This also creates an opportunity to examine government R&D from a high level for specific technologies.

External Factors and Mitigating Circumstances:

ATP was designed to fund high-risk technologies through grants to industry; both the nature of the projects and the location of the research performance intrinsically convey a high degree of uncertainty and a relatively low degree of control. For instance, the rate at which ATP-funded technologies were commercialized varied in part due to technological uncertainties intrinsic to the R&D enterprise and in part to the particular strategies and efforts of the businesses performing the research. Other metrics, such as publication and patenting rates, will be affected not only by the success of the technology development effort but also by company-specific strategies and market conditions. For example, patenting is more common in some industries than others, and a variety of factors affect the patenting and/or publishing choices of individual firms. Variation in growth rates and development trajectories add additional uncertainty: some technologies are commercialized rapidly once the research is completed, while others require extensive product development and clinical trials before significant commercialization can occur. There are no practical mitigation strategies for these external sources of uncertainty other than maintaining robust program management and data collection systems. Over the course of ATP funding, companies are required to abide by the terms and conditions of the cooperative agreement, which include intellectual property and commercialization provisions.

NIST Performance Goal 3: Raise the productivity and competitiveness of small manufacturers.

Corresponding DOC Strategic Goal and Objective:

Strategic Goal 2: Foster science and technological leadership by protecting intellectual property, enhancing technical standards and advancing measurement science

General Goal/Objective 2.1: Develop tools and capabilities that improve the productivity, quality, dissemination, and efficiency of research

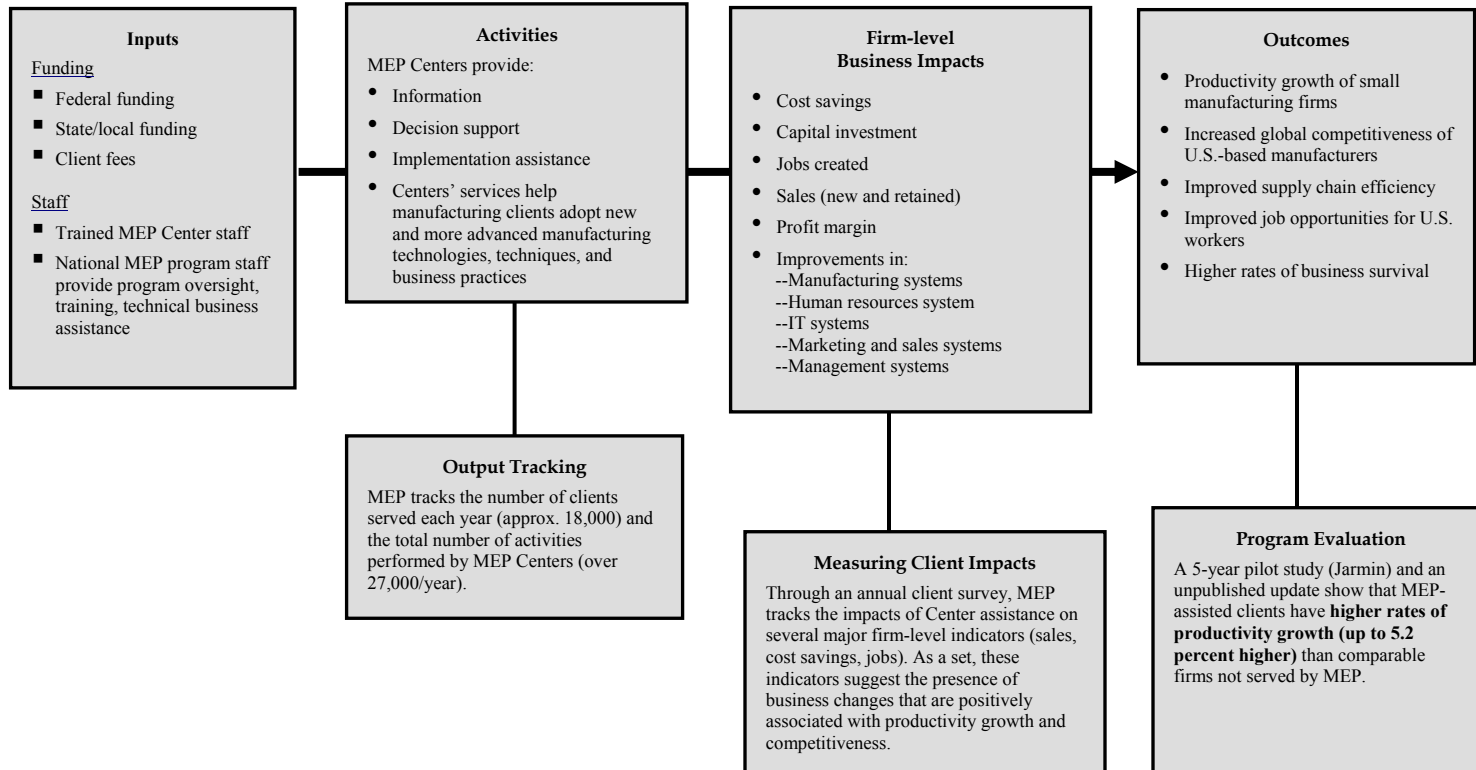
Rationale for Performance Goal:

Operating under the authority of 15 U.S.C. 278k, the MEP is a federal-state-local partnership program that provides small U.S. manufacturers with access to manufacturing technologies, resources, and expertise. The MEP program consists of a network of manufacturing extension centers which are linked to state, university, and private sources of technology and expertise to promote innovation and competitiveness by assisting small manufacturers in adopting new and advanced manufacturing technologies, techniques, and business practices.

The Nation's 344,000 small manufacturers employ over eleven million people and produce intermediate parts and equipment that contribute more than half of the value of U.S. manufacturing production. Their role in manufacturing supply chains is crucial; and the Nation's future manufacturing productivity and competitiveness will rest largely on the ability of these small establishments to improve their quality, raise their efficiency, and lower their costs. The MEP network helps small companies transform themselves into high performance enterprises – productive, innovative, customer-driven, and competitive – by efficiently providing high value technical and advisory services including access to industry best practices.

MEP's ultimate goal is to measurably improve the productivity and competitiveness of all its clients. The model below demonstrates the impact path (or value creation chain) of the MEP program – from inputs such as appropriated funds and staff to end-outcomes such as productivity improvements for the small manufacturing sector. In addition, the model also depicts how NIST measures the progress of the MEP program along its impact chain.

MEP's Impact Path and Evaluation Methods: Results-based Management for Advisory Services



Explanation of Performance Measures:

MEP's network of manufacturing assistance centers works at the grassroots level with each MEP center, providing their local manufacturers with expertise and services tailored to their most critical needs. The program uses the measures below to demonstrate both a level of activity as well as the outcomes resulting from the services MEP Centers provide.

Measure 3a. Number of clients served by MEP Centers receiving Federal funding

MEP works with the Nation's small manufacturing firms to provide assistance to overcome barriers to productivity growth and competitiveness. This measure represents the annual number of new and repeat clients served by MEP Centers who received training, technical, and business assistance ranging from informational seminars and training classes to in-depth technical assistance in areas such as lean implementation, ISO 9000, and quality improvement practices.

FY 2006 and FY 2007 Targets: FY 2006 targets are based on an appropriation of \$104.6M. FY 2007 targets are under development and expected in summer FY 2006.

Measure 3b. Increased sales attributed to MEP Centers receiving Federal funding

Measure 3c. Capital investment attributed to MEP Centers receiving Federal funding

Measure 3d. Cost savings attributed to MEP Centers receiving Federal funding

Together the measures above – increased sales, capital investments, and cost savings, all attributed to MEP Centers receiving Federal funding – provide quantitative indicators of the bottom-line impacts MEP services provide. As a set, these measures indicate changes that are positively associated with productivity growth and competitiveness – two factors that are crucial for American manufacturers to manage and succeed in the rapidly changing manufacturing environment. Data are collected through an annual survey of clients receiving services from MEP Centers.

FY 2006 and FY 2007 Targets: FY 2006 targets are based on an appropriation of \$104.6M. FY 2007 targets are under development and expected in summer FY 2006.

External Program Evaluation:

Economic Studies

The MEP program provides resources needed by small manufacturing establishments to overcome cost and knowledge barriers to realizing productivity growth and improvements in business performance. The program's progress toward achieving its fundamental objective has been evaluated through rigorous, controlled-comparison studies that evaluate the productivity of MEP-served clients relative to similar companies that did not receive MEP assistance. One study, a five-year pilot study conducted by R.S. Jarmin of the Center for Economic Studies (U.S. Census Bureau), showed that MEP-assisted clients had significantly higher rates of productivity growth than non-MEP clients (\$484M in additional value added for client firms).¹ An unpublished update to this original study also

¹ R.S. Jarmin, "Evaluating The Impact Of Manufacturing Extension On Productivity Growth," *Journal of Policy Analysis and Management*, Vol 18, No. 1, Winter 1999, pp. 99-119.

prepared by the Center for Economic Studies found that the average MEP client experienced 5.2 percent higher productivity growth between 1996 and 1997 and 4.7 percent faster employment growth compared to non-MEP clients. The findings cover a larger subset of all MEP clients.

National Academy of Public Administration (NAPA)

NAPA, an independent, nonpartisan organization chartered by Congress to improve government performance, recently completed the second part of a two-phase review of the MEP program. The first phase focused on re-examining MEP's core premise, and NAPA found: "...barriers to improving the productivity of small manufacturers identified by earlier studies remain, although they have changed in their relative impacts.... The Panel finds that the core premise of the Program remains viable as it is fulfilling its mission by leveraging both public and private resources to assist the nation's small manufacturers." The second phase evaluated alternative business models for the program. NAPA provided several recommendations, including:

- Emphasize technology diffusion, product development, and supply chain integration services.
- Build an integrated national network.
- Improve the national coordination of state level organization partnering.
- Review and adopt business best practices used by other federal/state programs.
- Improve the system-wide sharing of knowledge and information and the systems for measuring performance.
- Coordinate with other DOC manufacturing related programs.
- Include structural and operational changes in the strategic planning processes.

Full text versions of the reports are available at <http://www.napawash.org/Pubs/NIST0903.pdf> and <http://www.napawash.org/Pubs/NIST6-2-04.pdf>

Visiting Committee on Advanced Technology (VCAT)/MEP National Advisory Board

As with other NIST programs, the programmatic objectives and management of MEP are reviewed regularly by the Visiting Committee on Advanced Technology (VCAT) and its National Advisory Board (MEPNAB), which was established by the Secretary of Commerce in October 1996. The Board meets three times a year to 1) provide advice on MEP programs, plans, and policies; 2) assess the soundness of MEP plans and strategies; 3) assess current performance against MEP program plans; and 4) function solely in an advisory capacity, and in accordance with the provisions of the Federal Advisory Committee Act. The MEPNAB members bring a variety of manufacturing backgrounds to the Board, including small and large manufacturing, labor, academia, economic development, consulting and state government. This mix provides MEP with the outside advice critical to maintaining and enhancing the program's focus on its customers—the U.S. small manufacturers. Additional information on MEP's National Advisory Board, including its most recent annual report, is available at <http://www.mep.nist.gov/about-mep/advisory-board.html#annualreport>.

Program Assessment Rating Tool (PART)

In conjunction with the FY 2004 budget, MEP was evaluated using the PART instrument and received a rating of "moderately effective."

MEP scored lowest in the "program purpose and design" section of the PART, reflecting OMB's assessment that "it is not evident that there is a need for a Federal response in this area." OMB did not make any specific recommendations for MEP program management to implement.

Cross-cutting Activities:

Intra-Department of Commerce

MEP has collaborated with the International Trade Administration (ITA), the Minority Business Development Agency (MBDA), and the Economic Development Administration (EDA) on a number of projects. For example, MEP has worked with ITA on efforts to open global markets to American small and medium-sized manufacturers interested in but inexperienced with exporting activities.

Other government agencies

MEP collaborates with a wide range of agencies that regulate or provide programs and services that affect small manufacturing businesses, including the Departments of Agriculture, Defense, Energy, Health and Human Services, Housing and Urban Development, and Labor, as well as with the Environmental Protection Agency, National Aeronautics and Space Administration, and the Small Business Administration.

Private sector

MEP provides a nationwide network of manufacturing extension centers that work directly with small and medium-sized manufacturing establishments—typically, those with fewer than 500 employees. Because the MEP Centers are joined together in a network through NIST, even the smallest firms are able to tap into the expertise of knowledgeable manufacturing and business specialists throughout the United States. MEP Centers assist firms in areas such as quality management systems, business management systems, human resource development, market development, materials engineering, plant layout, energy audits, and environmental studies.

External Factors and Mitigating Circumstances:

The economic and technological environment for small manufacturers in the United States continues to change rapidly. To maximize its effectiveness, MEP must not only respond rapidly to its clients' changing needs, but also must anticipate changes in the business environment facing smaller manufacturers.

NTIS Performance Goal 1: Enhance public access to worldwide scientific and technical information through improved acquisition and dissemination activities.

Corresponding DOC Strategic Goal

Strategic Goal 2: Foster science and technological leadership by protecting intellectual property, enhancing technical standards, and advancing measurement science

General Goal/Objective 2.1: Develop tools and capabilities that improve the productivity, quality, dissemination, and efficiency of research

Rationale for Performance Goal:

The National Technical Information Service (NTIS) operates a central clearinghouse of scientific and technical information that is useful to U.S. business and industry. Without appropriated funds, NTIS collects scientific and technical information; catalogs, abstracts, indexes, and permanently archives the information; disseminates products in the forms and formats most useful to its customers; develops electronic and other new media to disseminate information; and provides information processing services to other Federal agencies. NTIS's revenue comes from (1) the sale of technical reports to business and industry, schools and universities, state and local government offices, and the public at large; and (2) services to Federal agencies that help them communicate more effectively with their employees and constituents.

NTIS promotes the development and application of science and technology by providing technologically advanced global e-commerce channels for dissemination of its specialized information to business, industry, government, and the public. The NTIS bibliographic database (from 1990 to the present) is available via the Internet free of charge. Users are allowed to download items in the collection in electronic format for a single low fee or at no charge if under five pages. These initiatives are a result of NTIS's innovative business model that maximizes utilization of the World Wide Web and e-commerce in its information collection and dissemination activities.

Explanation of Performance Measures

Measure 1a: Number of New Items Available (annual)

The number of items available for sale to the public from NTIS includes scientific, technical, and engineering information products added to the permanent collection, as well as items made available through online electronic subscriptions.

Each publication added to the permanent collection is abstracted, catalogued, and indexed so that it can be identified and merged into the permanent bibliographic database for future generations of researchers and the public who may benefit from this valuable research. Other information products are available as full text documents in electronic format through numerous NTIS online information services. This material is acquired primarily from U.S. government agencies, their contractors and grantees, and also from international sources. NTIS collects approximately 30,000 scientific and technical reports annually and another 635,000 items in the form of articles, updates, advisories, etc. that are contained in various subscription products and databases it distributes. The

number of new information products available each year from NTIS is approximately 665,000, but the number largely depends on input from other government agencies.

Measure 1b. Number of Information Products Disseminated (annual)

This measure represents information disseminated and includes compact discs, diskettes, tapes, online subscriptions, Web site pages, as well as traditional paper and microfiche products.

The shift in information dissemination practices from traditional paper copy to electronic-based dissemination has improved NTIS's ability to provide quality products, increase the number of products distributed, and increase the number of customers that have access to valuable scientific and technical information. NTIS is continually striving to stay abreast of the latest technological advances in information dissemination processes to improve its ability to meet the demands of the public. NTIS continues to enhance its ability to stay current in the e-commerce environment, while continuing to serve customers that require the more traditional distribution methods, as demonstrated in our targets above.

FY 2006 and FY 2007 Targets:

The FY 2006 and FY 2007 targets have been increased to reflect increases in expected dissemination activity, as demonstrated in the FY 2005 actual data.

Measure 1c. Customer Satisfaction

This measure represents the percentage of NTIS customers that are satisfied with the quality of their order, the ease of order placement, and the timely processing of that order. Orders for NTIS's vast collection of scientific and technical information are received by phone, fax, mail, and online, and are filled in a variety of formats. NTIS's continual efforts to maintain and possibly improve this very high rate of customer satisfaction are essential to the success of NTIS's performance and mission to collect and disseminate scientific and business-related information.

The percentage of satisfied customers is derived from the number of customer complaints compared to the total number of orders taken. It does not take into account inquiries about the status of an order or other general questions.

Program Evaluations:

The Office of the Inspector General (OIG) contracted with KPMG and prepared its audit (Audit Report No. FSD-17433-6-0001/November 2005) of NTIS' FY 2005 Financial Statements that includes a review of the Annual Report detailing NTIS' program activity. The audit results indicated that NTIS has established an internal control structure that facilitates the preparation of reliable financial and performance information.

Cross-cutting Activities:

Other government agencies

NTIS provides a variety of services that assist other agencies in developing, producing, and disseminating their information. These services include fax management services; reproduction of paper, computer, and microfiche products; billing and collection services; product storage and distribution; Web hosting; and database management and distribution. Specific examples are listed below:

- Department of Agriculture (Team Nutrition) - NTIS provides USDA with bulk order processing and distribution of its nutrition education materials to its constituents.
- Department of Treasury (U.S. Customs) - NTIS hosts a Web site on behalf of U. S. Customs Service allowing the dissemination of information on legal rulings.
- Office of Personnel Management (OPM) – Recommends NTIS to other government agencies for e-learning support.

External Factors and Mitigating Circumstances:

NTIS's requirement to operate on a substantially self-sustaining basis precludes it from making all information in its collection available on the Web for free, despite the public's desire for this information and its aversion to paying for government information on the Web. NTIS is currently addressing this concern by putting its bibliographic database, from 1990 to the present, on the Internet for free. In addition, if available, documents smaller than five pages can be downloaded for free from NTIS's Web site. Documents greater than five pages, if available in electronic form, can be downloaded for a fee. Of course, all documents in the NTIS collection can be ordered in the traditional formats (i.e. paper and microfiche), if desired.

Data Validation and Verification

NIST

NIST's Program Office conducts an annual review of its quantitative performance data to ensure that it is complete and accurate. During this process, Program Office staff discuss the data with appropriate offices to assess results relative to forecasts and to understand long-term trends and drivers of performance. Program Office staff also review the verification and validation procedures used by the offices that provide the source data and verify that the source data itself is identical to or consistent with the reported data. For its qualitative performance measure, the NIST Program Office provides summary findings from the annual NRC review of the NIST laboratories; the complete results of that evaluation are available for public review.

The table below summarizes the data validation and verification processes for each organization in the Technology Administration.

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
NIST Measure 1a: Qualitative assessment and review of technical quality and merit using peer review	On-site interviews and discussions with NIST management and research staff by independent external scientific and technical experts, managed by the NRC.	Annual reviews; biennial reports	NRC	Oversight of laboratory-specific expert review panels provided by the NRC Board on Assessment of NIST Programs.	Data are qualitative in nature	None
NIST Measure 1b: Peer-reviewed technical publications	NIST Office of Information Services	Ongoing	Publications data are gathered and maintained by NIST Office of Information Services	Data represent direct and verifiable counts of NIST technical manuscripts to be published in peer-reviewed journals and have been cleared for publication by the internal Washington and Boulder Editorial Review Boards. Internal controls include verification using random checks of review paper work with approved publications by ISD staff and data review by the NIST Director's Office.	Output only	None

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
<p>NIST Measure 2a: Standard Reference Materials (SRMs) sold</p> <p>NIST Measure 2b: NIST-maintained datasets downloaded</p> <p>NIST Measure 2c: Number of calibration tests performed</p>	NIST Technology Services	Ongoing	NIST Technology Services	Data represent direct and verifiable counts of: 1) the number of SRMs sold to customers 2) the number of times a NIST-maintained dataset has been downloaded; and 3) items of calibration tests performed by the NIST Laboratories. Internal controls include verification and review by NIST Technology Services and the NIST Director's Office and Budget Division.	Data provide information on output levels only. NIST measure 2b reflects the number of users accessing these datasets; it does not reflect unique users or capture how the data was used.	None.
<p>Measure 3a: Cumulative number of publications*</p> <p>NIST Measure 3b: Cumulative number of patents filed</p> <p>NIST Measure 3c: Cumulative number of technologies under commercialization</p> <p>*These measures are applicable only through FY 2006.</p>	Data are gathered from the portfolio of ATP project participants (funded since 1993) through company filings of patent information to the NIST Grants Office (a legal requirement) and an electronic survey instrument under ATP's Business Reporting System (BRS). Separate portfolio-based telephone surveys are conducted of project participants funded prior to 1993 and for post-project data collection.	Annual over the course of ATP funding for projects funded since 1993; intermittent for projects funded prior to 1993; every two years (up to six years) after ATP funding ends.	ATP's Office of Economic Assessment maintains BRS data in an integrated set of databases covering both descriptive information about the funded organizations and survey responses for all participants in ATP-funded research projects.	All ATP reports using BRS data and patent reports filed through the NIST Grants Office are monitored closely by ATP for research quality and are subject to extensive NIST-wide review and critique prior to being issued.	The BRS electronic survey and other telephone survey instruments represent a standardized reporting system. Standard sources of uncertainty include variation in interpretation of specific questions; variation in the estimation techniques used in response to specific questions; variation in the quality of industry data; and missing values.	None.

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
<p>NIST Measure 4a: Number of clients served by MEP Centers receiving Federal funding</p> <p>NIST Measure 4b: Increased sales attributed to MEP Centers receiving Federal funding</p> <p>NIST Measure 4c: Capital investment attributed to MEP Centers receiving Federal funding</p> <p>NIST Measure 4d: Cost savings attributed to MEP Centers receiving Federal funding</p>	<p>The client impact survey is administered by a private firm, Synovate located in Arlington Heights, IL.</p>	<p>The survey is conducted four times per year, and clients are selected based on when they completed the first project with an MEP Center in the previous year. For example, a client that completed a project with an MEP Center in February 2004 was surveyed in January/February 2005. This process is used to reduce respondent burden, raise overall response rates, and improve data quality. Clients are asked to estimate how the group of MEP-provided services over the previous two years has affected their business performance in the 12-month period prior to the survey date.</p>	<p>Survey data is sent directly to MEP for analysis. MEP reviews and stores survey data received from Synovate.</p>	<p>Internal controls include verification significant review of the Synovate data by MEP staff. Criteria are in place for identifying outliers in the data. Centers verify the outlier and if necessary, the data are revised based on the Center review.</p>	<p>As with similar survey instruments, sources of uncertainty include variation in interpretation of specific questions; variation in the estimation techniques used in response to specific questions; variation in the quality of industry data; missing values; and other common survey problems. Synovate uses standard survey techniques to clean the data, ensure accuracy and reliability, and improve the response rate. Reported data reflect the impact of MEP services primarily on small manufacturing establishments; on some occasions, Centers may elect to serve establishments with over 500 employees.</p>	<p>None.</p>
<p>NTIS Measure 1a: Number of New Items Available (Annual)</p>	<p>NTIS operates and maintains internal systems for collecting acquisition statistics.</p>	<p>Data is available daily. Reports are produced monthly.</p>	<p>All data is stored within NTIS systems.</p>	<p>NTIS' accounting and budget offices analyze and report performance data to management. Data verification is provided through regular internal independent auditor reporting.</p>	<p>Output Only</p>	<p>None</p>

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
NTIS Measure 1b: Number of Information Products Disseminated (Annual)	NTIS records every transaction using a commercial order processing system modified to meet its specific needs together with a standard Web analysis software package used by industry.	Internal management activity reports are produced daily, summaries are produced monthly.	All data is stored within NTIS systems.	NTIS' accounting and budget offices analyze and report performance data to management. Data verification is provided through regular internal independent auditor reporting.	Output Only	None
NTIS Measure 1c: Customer Satisfaction	NTIS operates and maintains internal systems for processing collected information. NTIS records every transaction using a commercial order processing system modified to meet its specific needs.	Internal management activity reports are produced daily, summaries are produced monthly.	All information is stored within NTIS systems.	NTIS accounting and budget offices analyze and report performance data to management. Data verification is provided through regular internal and independent auditor reporting.	None	None