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DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS FOR 2000

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HEARINGS

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BEFORE A

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FIRST SESSION

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JIM KULIKOWSKI, JENNIFER MILLER, MIKE RINGLER, and CORDIA STROM, *Subcommittee Staff*

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DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS FOR 2000

WEDNESDAY, MARCH 3, 1999.

DEPARTMENT OF COMMERCE

WITNESS

WILLIAM M. DALEY, SECRETARY

INTRODUCTION

Mr. ROGERS. The Committee will come to order.

We are pleased to welcome William Daley, the Secretary of Commerce, who will testify on behalf of the programs and the fiscal year 2000 budget request for the Department of Commerce.

The Department's budget was submitted as part of the President's overall budget on February 2nd of this year. However, we have read in the newspapers that the Department's budget may be $1 to $2 billion short of what will ultimately be requested.

Consequently, we are in a bit of a quandary, to put it mildly, since we are here to consider the Department's fiscal year 2000 budget without knowing what the operating request for the Department's budget will be. I have never quite known how to add up numbers when there were zeroes in certain columns. We hope the Secretary will be able to enlighten us today on where things stand.

I am sure he has brought with him the detailed requests that his Department is going to ask the Congress to have the taxpayers spend. If he does not have those numbers, I will be sorely disappointed and absolutely amazed.

I might also note that the Congressional Budget Office is said to be releasing their reestimate of the President's budget request today, and it apparently has concluded that the President's budget request is some $30 billion in outlays over the spending caps that are in place for fiscal year 2000.

What this means is that some $30 billion in outlay spending, which probably translates into $40 to $50 billion in budget authority spending, contained in the overall President's request, cannot be accommodated if we are to stay within the spending caps that are in place for fiscal year 2000. As a result, I do not think we can underestimate or understate the difficulty of the task ahead in considering the Department's submission.

Before yielding to the Secretary, I will yield to my colleague, Mr. Serrano, for any comments he would like to make at this time.

Mr. SERRANO. Thank you, Mr. Chairman.

First of all, let me thank you, Mr. Secretary, for coming before us today. I understand the Chairman's concerns about holding a hearing without numbers, but I have to remind everyone that often, or very rarely, does the Supreme Court get involved in situations that bring us to this point.

And so I know that when all is said and done, you, Mr. Secretary, and your Department will give us all of the information we need. In fact, I suspect that when we leave here today we will be pleased with what we have heard.

We also understand that no matter how much we try, today or any other day this year, Mr. Chairman, to get away from a certain issue, we cannot run away, nor get away from the facts. The census issue is a very difficult one to deal with for many people and in many cases. In most cases, it has become a very political issue.

Nevertheless, it is my intent, and certainly the intent of most, if not all, members of this committee to see to it that we do the right thing, that we stick by our constitutional mandate. And, I personally will do whatever I have to do to make sure, Mr. Secretary, that you get the tools necessary to conduct your census the proper way and to do the work that the Department does, in general, in the proper way. And, I am looking forward to your testimony.

Mr. ROGERS. Now, Mr. Secretary, if you would like to summarize your statement, we would be pleased to hear from you. Your statement will be inserted for the record, together with the Department's budget-in-brief.

Secretary DALEY. Thank you very much, Mr. Chairman and Members of the Committee. I appreciate the opportunity, once again, for the third time to appear before you on behalf of the Department's budget. I am also very pleased to present the Commerce Department budget for fiscal year 2000, which will be the first budget of the new century.

We have left the old century with a surplus. President Clinton, and I know all of the Members of the House of Representatives, want to enter the new one the same way. Without growing Commerce too much, we do want to make some key investments in 2000 to keep this tremendous economic success which we have had over the last couple of years continuing.

Our request is for $7.4 billion. Most of the increase over fiscal year 1999 is for the 2000 census. In light of the Supreme Court ruling and the dress rehearsal evaluation, last week, Dr. Kenneth Prewitt, the Census Director, announced the broad outline of a new plan. As soon as the numbers are available, I will convey them to you, Mr. Chairman, and to the Subcommittee.

Let me quickly highlight some of the key areas of the budget, first starting with the census. This is, as we know, the largest peace-time mobilization that this country does. It is an enormous management challenge to count and determine where every person lives on a certain date in the year 2000. We requested a total budget of $2.8 billion, a $1.8 billion increase over 1999 levels.

Again, this was done before the court ruling in late January, so the request assumes the use of sampling for all purposes in the 2000-Census. As you well know, the court decision precludes sampling for the initial count, and for the numbers used to apportion seats for the House of Representatives.

The court noted, however, that sampling techniques are required for non-apportionment purposes, if feasible. Dr. Prewitt announced last week it is feasible to use sampling to improve the accuracy of the final numbers. For those other purposes, things like redistricting and the distribution of Federal funds, the Census Bureau remains convinced sampling will improve the accuracy and should be used for all purposes other than apportionment, and also announced a plan that will make every effort to count every person.

Conducting a census without sampling in the initial count will require substantially more resources. The Bureau will have to visit 45 million homes, up from the 30 million originally planned. They will need to hire more enumerators and need to send more people to areas with traditionally high undercounted areas. And more resources will be needed for promotion activities, paid advertising, and working in partnership with communities.

I know all of us agree on this, and we need to do a better job than we did in 1990 when the census missed eight million people and overcounted four million.

The second key area is the 13 percent increase for NOAA, $282 million over last year's appropriation. This increase will help protect our natural resources and better protect people and property from the enormous cost of natural disasters. Of that, $105 million is to support the President's Lands Legacy initiative.

Today, 40 percent of our coastal waters are not fishable or swimmable. We want to restore coral reefs, fisheries, and protect our coastlines. $100 million is to reverse the decline in the salmon stock out West, and $42 million would increase the lead times and accuracy of severe weather and flash flood warnings and to improve our predictions of where hurricanes may hit.

Let me say the modernization of the National Weather Service is progressing. The AWIPS is on budget. According to the National Weather Service, it is also on schedule.

I thank you, Mr. Chairman, and the Subcommittee for your support and your enormous patience in this endeavor.

Third, we are requesting a seven percent increase for the International Trade Administration. In 2000, we want to open new posts in 11 countries. We want to create a greater presence in Africa, Latin America, and add staff in the markets important to our exporters, such as China.

Last year our exports dropped for the first time in more than a decade. Our exports to Asia plunged a staggering 14 percent, and that huge drop accounted for over half of the increase in our trade deficit in 1998. Quite frankly, we need to do everything we can for American exporters to create new markets. We cannot have record high trade deficits year after year.

We also want to reach out more to small businesses to encourage them to export, especially now that the Internet makes a worldwide reach so easy. We need to beef up our trade compliance activities. America has benefitted enormously from the open-trade system. Open markets do work, and we prove it.

But not everyone has been playing by the same rules, and the steel situation cried out for action because countries were abusing our open-trade system. I believe we took very swift action, but we

must remain vigilant and be ready to respond to any American industry that is a target of abuse.

Fourth is NIST. About $55 million of the request for new spending is to construct the Advanced Measurement Laboratory in Maryland. It will enable our scientists to perform cutting edge research. We want to continue to have on our staff Nobel Prize winners and National Medal of Science winners. But they need and deserve state-of-the-art facilities.

Fifth is the Economic Development Administration, where we want to continue fully funding important programs. We are requesting a $20 million increase to assist communities hurt by economic dislocation; $5 million of that will be for the Northeast where the fishing industry has been hit rather severely.

Let me quickly run through some other new initiatives. We are asking for a $14 million increase to help public broadcasters transition from analog to digital broadcasting. The Patent and Trademark Office is expecting a seven percent increase in patent applications, and a 10 percent increase in trademark applications. Both are sure signs that our economy is growing.

To meet these workload increases and improve our service to the customers, we will invest the increase of about $105 million in information technology and also additional personnel.

We are requesting $1.5 million for the Bureau of Export Administration to fund inspections of chemical facilities under a new international convention, and there are about 2,000 potential sites, and the request is for inspecting at least 42 of them. Other nations will do similar inspections to stem the flow of chemical weapons.

Other requests are for increases in ATP, statistical improvements, research vessel support, and in preventing cyber attacks that could devastate companies and, therefore, have a most serious impact on our overall economy.

Mr. Chairman, if I could end on a personal note. I hope to be the last Secretary of Commerce of this century, if all things go well during the next couple of hours. [Laughter.]

I always said that this is a terrific time to serve our Nation. We are in the middle of the longest peace-time expansion in the Nation's history. But it obviously takes the support of this Subcommittee to make the Commerce Department what it is.

I thank you, Mr. Chairman, and the subcommittee, for your continued support and your counsel during the last two years. Thank you very much, Mr. Chairman.

[The information follows:]

STATEMENT BY WILLLAM M. DALEY
SECRETARY OF COMMERCE

BEFORE THE HOUSE SUBCOMMITTEE ON APPROPRIATIONS
COMMERCE, JUSTICE, STATE DEPARTMENTS, THE JUDICIARY
AND RELATED AGENCIES

March 3, 1999

Mr. Chairman and Members of the Subcommittee, I am pleased to appear before you today to present the Commerce budget for Fiscal Year 2000, the first budget of the next century. As we leave the old century in robust economic health and with a budget surplus, I know you join President Clinton and me in wanting to enter the new one the same financially sound way. We at the Department have worked very hard to limit our requests for funding increases in FY 2000 to those key investments that will keep our economy growing strong.

The budget request the President has submitted for the Commerce Department for FY 2000 is $7.4 billion. This reflects an increase of $1.8 billion over the FY 1999 appropriated level, most of which is driven by the Decennial Census. Nevertheless, we are still reviewing the additional costs that will be necessary to conduct the Decennial Census in light of the Supreme Court ruling and the results of the Census Bureau's Dress Rehearsal. As soon as the numbers are available, I will personally convey them to the Subcommittee.

Within the $7.4 billion request, we are seeking $521 million in funding for other high-priority initiatives. The Commerce Department is dedicated to expanding opportunities for American workers and American businesses. In formulating our requests for FY 2000, we have made tradeoffs among existing programs, and we have proposed, in a few instances, new sources of revenue, where appropriate.

This budget invests in our future. It invests in a successful Census so that future socioeconomic decisions are based on the most accurate data available. It invests in the stewardship of our Nation's natural resources and assets to ensure the wise use of fisheries, oceans and coastal areas. And it invests in expanding opportunities for trade and technology growth to create jobs and strengthen our economy.

For FY 2000, the Administration's five highest priorities for the Department of Commerce are:

- Decennial Census and Other Statistical Programs;
- Oceans and Atmosphere;
- Broadening Trade;
- Technology for Economic Growth; and
- Assisting Distressed Communities.

Decennial Census and Other Statistical Programs

The President's budget was completed prior to the recent Supreme Court ruling. It assumes the use of scientific sampling for all purposes. Under that assumption, we requested a total budget of $2.8 billion for the Decennial Census, a $1.8 billion increase above FY 1999. We look forward to presenting a new cost estimate to the Subcommittee that will reflect the plan that conforms to the Supreme Court ruling and incorporates lessons learned in the Dress Rehearsal.

The Supreme Court decision precludes the use of sampling for the numbers used to apportion seats in the House of Representatives. The Court noted, however, that sampling techniques are required for non-apportionment purposes, if feasible. As Dr. Kenneth Prewitt, Director of the Census Bureau, announced last week, it is feasible to use sampling for those other purposes. He presented the broad outlines of a plan to do so that includes an Accuracy and Coverage Evaluation (ACE) program to eliminate the undercount. While the Census Bureau will make every effort to count every person without sampling for apportionment purposes, it remains convinced that scientific sampling will improve the accuracy of the final numbers and should be used for all other purposes.

Conducting a Decennial Census without using sampling in the initial enumeration will require substantially more resources. For example, the Bureau will have to visit 45 million housing units, 15 million more than estimated in the original plan. The Bureau will have to hire more enumerators and send more people to areas with traditionally high undercount rates. The Bureau will also have to increase its partnership work with local communities, its promotion activities and paid advertising. Again, we look forward to working with the Subcommittee on the details and cost estimates for this plan.

By maintaining a reliable federal statistical system that readily monitors and measures economic activity and social trends, the Economics and Statistics Administration (ESA) helps national, state, and local governments and other institutions to make smart decisions that can improve the lives of all Americans. Our Nation's ability to respond to domestic and international developments that affect our economic infrastructure relies on a world-class information base and cutting-edge technology to make it accessible. In this capacity, ESA oversees the Census Bureau and the Bureau of Economic Analysis (BEA). ESA also manages STAT-USA, a user-friendly "one-stop shop" for the dissemination of business, economic, and trade statistics.

As the Nation's accountant, BEA combines and transforms extensive data from government and private sources to produce a consistent and comprehensive picture of economic activity, featuring a key summary measure known as the gross domestic product (GDP) estimate. In addition, BEA's estimates of regional products and incomes are used in the allocation of federal grants to states. We are requesting an increase of $4.5 million to further improve BEA measures.

Oceans and Atmosphere

The National Oceanic and Atmospheric Administration (NOAA) is leading the way in the stewardship of our natural resources and in improving the detection of oncoming natural events with greater precision to save lives and property and minimize business disruption. For FY 2000,

under the Oceans and Atmosphere priority, Commerce is proposing initiatives that support NOAA programs in two areas – the Natural Resources initiative, and the Natural Disaster Reduction initiative.

Natural Resources Initiative

First, Commerce supports the Natural Resources initiative, including the programs that constitute "Ocean 2000" and "Climate in the 21st Century." In skillfully managing and protecting our Nation's assets and resources, NOAA plays a key role in the Natural Resources initiative by overseeing programs that expand knowledge and understanding of our lands, water, and air. Protecting coastal habitats from loss and degradation, researching the effects of climate changes on the oceans and atmosphere, and promoting safe navigation are all objectives of the initiative. Among the increases for this initiative are the Lands Legacy request of $105 million, the Year of the Ocean request of $78.1 million, and the Resource Protection request of $131.3 million. Program increases supporting the Climate in the 21st Century program total $19.1 million.

Under Ocean 2000, NOAA will expand programs that are designed and integrated to capitalize on the sustainable use of the ocean's resources. Under the Lands Legacy component, NOAA manages and protects our coastal areas and promotes sound economic conservation of our fishery resources. Closely linked to Lands Legacy are programs to further resource protection, mainly in the Pacific Northwest for salmon conservation. This includes an increase of $100 million to encourage salmon conservation and habitat recovery efforts in cooperation with state, tribal, and local governments. The remaining major components of this initiative are the Year of the Ocean programs designed to enhance marine navigation safety, coral reef restoration, aquaculture and fisheries stocks assessment, conservation, and management.

Also, as part of the Natural Resources initiative, under the "Climate in the 21st Century" program, NOAA will develop newer and better data sets on seasonal-to-interannual time scales to produce climate forecasts to predict El Niño/La Niña events with more accuracy; and improve decadal to centennial climate change assessments, especially for greenhouse warning, ozone layer depletion, and air quality.

Natural Disaster Reduction Initiative

The second major component of Oceans and Atmosphere is the Natural Disaster Reduction initiative, under which NOAA requests a net increase of $42.1 million for FY 2000. The Natural Disaster Reduction initiative supports improved weather warnings and forecasts to the general public through the National Weather Service (NWS), expanded weather research, and increased environmental data available for the public and private sectors.

NOAA's success in describing and predicting the changes in the earth's environment and conserving our resources to ensure sustainable economic opportunity relies on cutting-edge research to develop new technologies, improve operations, and supply the scientific basis for managing natural resources and solving environmental problems. Overall, we are requesting a net increase of $282 million for all NOAA programs, 12.8 percent above the FY 1999 appropriation of $2.2 billion.

Broadening Trade

In an increasingly global economy, the role of exports in sustaining a robust economic infrastructure becomes manifold. Exports support over eleven million jobs, and have generated over two million of those jobs in the past two years alone. In recent years, export-related jobs grew about six times faster than total employment, paying wages fifteen percent higher than the average U.S. wage. The competitive nature of a global marketplace raises the bar of challenges for the International Trade Administration (ITA) in leveling the playing field for U.S. businesses abroad and removing tariff and non-tariff barriers to trade. ITA's chief goals are to enforce U.S. trade laws to promote free and fair trade, increase the number of small business exports, improve the role of the Trade Promotion and Coordinating Committee (TPCC), and strengthen advocacy efforts. Overall, we are requesting an increase of $21 million for ITA programs. This represents a net increase of 7.3 percent above the FY 1999 appropriation.

Much of the success of the Broadening Trade initiative rests on the expansion of the U.S. Foreign and Commercial Service's (US&FCS) outreach efforts to small- and medium-sized enterprises (SMEs) to help them unleash their full export capacity. As a National Partnership for Reinventing Government High Impact Agency, the US&FCS measures performance by the increase in number of counseling sessions and new-to-export and new-to-market firms. The U.S. Export Assistance Centers (USEACs) perform the valuable service of educating and assisting SMEs through counseling sessions and trade events, helping to identify export-ready firms in need of technical assistance. Electronic commerce and the Internet are other vehicles to increase export opportunities for SMEs. We are proposing an increase of $13.8 million for the US&FCS to expand overseas staffing in Africa, Latin America, and Asia, and to establish new *standards* attachés positions.

Implementing an aggressive trade compliance program to aid U.S. companies in getting the full benefits of trade agreements is another key component of ITA's strategy. Market Access and Compliance's (MAC) region and country specialists can help ensure that this happens. By compiling case data on the access problem and outcome, MAC can measure the dollar value of opening world markets to U.S. exports as a result of reducing or eliminating trade barriers. We are requesting an increase of $4.4 million in this area. Through a sector-specific approach, the Import Administration (IA), another division of ITA, also improves the competitiveness of domestic firms by enforcing U.S. trade laws and agreements regarding subsidies and other harmful foreign trade practices. The increase of $1.7 million will allow the U.S. to strengthen implementation of the *Uruguay Round,* and resolve disputes in the World Trade Organization.

The Bureau of Export Administration (BXA) carries out the export licensing, enforcement, and defense industry conversion in a manner that protects our national security and our economic competitiveness. BXA supports the Broadening Trade initiative by helping to remove unnecessary obstacles to exporting, and to strengthen multilateral regimes. It also assists small and medium-sized businesses to increase their involvement in export markets by helping them understand export control requirements through outreach visits, conferences, and seminars. As a second component of the Broadening Trade initiative, BXA will administer Chemical Weapons Convention declarations and perform on-site inspections.

Overall, we are requesting an increase of $8 million for BXA programs, of which $2.5 million supports the Broadening Trade initiative. This represents a net increase of 15.5 percent above the FY 1999 appropriation. The existing base program includes such activities as administering an understandable, accessible, and timely export control process and managing the Critical Infrastructure Assurance Office (CIAO).

The National Institute of Standards and Technology (NIST) helps to eliminate technical non-tariff barriers to trade, as part of the Broadening Trade initiative, by working to increase global recognition of U.S. measurements and standards. We are requesting an increase of $2 million for this activity for FY 2000. NIST also works with ITA to place *standards* attachés in Russia, China, and South Africa and with PTO on the Commercial Law Development Program to institutionalize trade in emerging economies via training programs. Through the linkages established between the Manufacturing Extension Partnerships (MEPs) and U.S. Export Assistance Centers (USEACs), NIST helps identify small export-ready manufacturing firms who need technical assistance.

Technology for Economic Growth

In TA, the Office of the Under Secretary and the Office of Technology Policy (US/OTP) promote innovation and industrial competitiveness by advocating and coordinating efforts at interagency, state, national, and international levels. TA also includes the National Institute for Standards and Technology (NIST) and the National Technical Information Service (NTIS). TA's primary mission is to improve the Nation's technological infrastructure and to facilitate innovation by working with industry. TA is essential to economic health, advances in science and technology, and our Nation's survivability in the information age.

One of NIST's programs is the Measurements and Standards Laboratories Program (MSL). MSL is focused on infrastructural technologies such as measurements, standards, evaluated data, and test methods that provide a common language for use by industry in commerce. The accuracy of transactions amounting to trillions of dollars in sales depends on NIST's maintenance and development of accurate weights and measures for the fair exchange of goods and services. Trillions of dollars in additional sales are supported by NIST-delivered measurement techniques, equipment, calibrations, and standards. Moreover, U.S. scientists rely daily on NIST's evaluated data services and measurement expertise for a host of both basic and applied research activities.

As part of the Technology for Economic Growth initiative, the Commerce FY 2000 budget request also includes an increase of $55 million for a contract award to begin construction of NIST's Advance Measurement Laboratory (AML). This facility will provide NIST with the temperature, humidity, vibration and air cleanliness required to perform cutting-edge research in the 21st Century. NIST will also establish a program to improve the quality of science education through its Teacher Science and Technology Enhancement Program.

NIST is requesting an increase of $34.5 million to further enhance its successful Advanced Technology Program (ATP). This request is designed to further stimulate U.S. economic growth by developing high-risk and enabling technologies through industry-driven cost-shared partnerships. In addition, NIST's Manufacturing Extension Program (MEP) will increase resources devoted to

gathering and disseminating best practices to all NIST-MEP manufacturing extension centers. Overall, we are requesting an increase of $94 million for NIST programs. This represents a 14.6 percent net increase above the FY 1999 appropriation. The existing base allows us to continue supporting U.S. industry, government, and scientific establishments to develop and apply technology, measurements, and standards.

NTIS compiles and disseminates non-classified scientific, technical, and engineering information useful to U.S. business and government. The Department faces a management challenge with respect to NTIS. The Internet, and advances in information processing and distribution technology have fundamentally changed the market for scientific, technical, and engineering information. As a result, the Administration is requesting $2 million to partially fund the costs associated with the organization and preservation of NTIS' technical information. This level is critical for NTIS to perform its mission, but I look forward to working with the Subcommittee to address this Bureau's financial problems.

In administering laws that grant and protect patents and trademarks, and in advising the Commerce Secretary, the President, and the Administration on intellectual property rights, the Patent and Trademark Office (PTO) plays a central role in America's economic growth. Through its stewardship of our Nation's intellectual property, PTO influences investment, development and marketing strategies, and the financial viability of American businesses. PTO plays a central role in increasing the competitiveness of our technology-based economy by providing more effective service delivery as product life cycles become shorter. Timely issuance of patents and trademark registrations make all the difference for firms operating in fast-paced markets. Toward this end, PTO is committed to customer-oriented and results-driven performance calling for reduced average processing time of patents and trademarks, the automation of various patent and trademark activities, and the establishment of a fee schedule aligned with actual costs.

Through its provision of technical assistance and its expertise on trade-related property rights issues, PTO also helps support the Broadening Trade initiative. PTO contributes to the protection and expansion of intellectual property rights systems worldwide, vital to the institutionalization of the commercial infrastructure of developing economies and to promoting trade, through education and training on laws, regulations, and enforcement. It conducts international outreach and works in partnership with other nations to help support these objectives.

Finally, improving communications, as part of a customer focus, is integral to the goal of promoting awareness of and providing effective access to patent and trademark information. This relies on an advanced information dissemination base able to respond to users in a timely fashion, make information available, and transform the majority of processes into electronic operations. It includes the increased use of the Internet to request the status of applications and place orders and to answer customer inquiries via e-mail.

PTO's program operations are revenue-generating, and it is a self-sustaining Agency that strives for external customer satisfaction. Similar to private business, it conducts a number of transactions with the public directly and must become efficient enough to respond to private sector needs and a potentially growing market for its services. Freed of certain federal restrictions and with a clear

mission, accountability, and measurable goals, the PTO is a good candidate to become a Performance Based Organization (PBO). The Administration is developing a legislative proposal to establish a PBO.

We are requesting an increase of more than $100 million for the Patent and Trademark Business, Policy and Information Dissemination activities. These additional resources are completely funded by user fees and will increase staffing and expand existing workplace electronic systems to meet projected growth in workload.

The National Telecommunications and Information Administration (NTIA) maximizes the use of telecommunications and information resources in ways that create jobs, augment U.S. competitiveness, and raise the standard of living. NTIA plays an important role in opening new markets and broadening trade by helping to implement the World Trade Organization (WTO) Basic Agreement on Telecommunications.

Through the Public Telecommunications and Facilities Planning & Construction program (PTFP), NTIA will assist public telecommunications facilities in converting to digital broadcasting. As necessary, PTFP will continue to fund grants to replace basic equipment and provide assistance to rural and other areas where financial assistance is lacking. It is part of the President's program to ensure that the benefits of public broadcasting continue for all our citizens.

NTIA manages radio spectrum allocated for federal use. It ensures that radio spectrum assignments provide the greatest public benefit by planning and implementing policies for both private and public sectors; meeting the requirements of federal agencies; and advancing the development of spectrally efficient technologies.

NTIA's Telecommunications and Information Infrastructure Assistance Program (TIIAP) provides matching grants to state, local, and tribal governments, and other not-for-profit organizations to demonstrate creative uses of information technology. Overall, we are requesting an increase of $24 million for NTIA programs. This represents 48.4 percent net increase above the FY 1999 appropriation.

Distressed Communities

The Economic Development Administration's (EDA) strategic goals are to create jobs and private enterprise in distressed communities and to build local capacity to achieve and sustain economic growth. Since its establishment, EDA has had to confront many challenges to the industrial and commercial growth of distressed communities of the United States. EDA was reauthorized for five years by the Economic Development Administration Reform Act (P.L. 105-393), to generate new jobs, help retain existing jobs, and stimulate industrial and commercial growth in economically-distressed areas of the United States.

Today, rapidly changing production, trade patterns, and technology threaten certain communities. EDA's highly flexible programs for public infrastructure, planning, technical assistance, and research allow the Department to respond strategically to the specific conditions of disenfranchised

areas to expand industrial and commercial growth. EDA works through a nationwide network now comprising 320 Economic Development Districts (EDDs), 64 Indian tribes, 69 University Centers, and 12 Trade Adjustment Assistance Centers (TAACs). EDA focuses on supporting local planning and long-term partnerships with state and local organizations that can assist distressed communities with strategic planning and investment activities.

As part of its Economic Adjustment Assistance Program, the Department of Commerce will assist distressed communities recovering from sudden and severe economic downturns, such as those caused by increased foreign imports, plant closings, environmental regulation, and natural disasters. Among other activities, this program will assist communities in the Northeast region with economic diversification and financial restructuring necessitated by federal restrictions imposed on the fishing industry. Commerce is requesting an increase of $20 million for assisting distressed, and especially disadvantaged communities for FY 2000.

The Minority Business Development Agency (MBDA) has the lead federal government role for coordinating all minority business programs. The agency provides access to market and resource opportunities through a variety of direct and indirect business assistance services. For FY 2000, MBDA will continue to define its program strategy through goals that promote job creation, economic growth, and sustainable development for the growing minority business population in the United States. These goals are to improve opportunities for minority-owned businesses to gain access to the marketplace, and to pursue financing.

Critical Infrastructure Protection

Under the Critical Infrastructure Protection initiative, NIST will develop measurements, testing methodologies, and standards needed to help ensure the reliability, trustworthiness, and survivability of the information technology systems that support critical national infrastructures. The NIST program will address security technologies and methods used in a wide variety of systems (such as intrusion detection, cryptography, and access control), the processes used to build systems, and the application of these components to Federal government systems and to complex supervisory systems (which are a rapidly emerging area faced with important security concerns). These projects will focus on technologies not being developed by the private sector.

In housing the Critical Infrastructure Assurance Office (CIAO), a component of the interagency Critical Infrastructure Program established by Presidential Decision Directive 63, BXA reinforces its efforts to safeguard the interconnected systems that are necessary to the operations of our government and economy.

As part of the Critical Infrastructure Protection initiative, NTIA has the lead role for the information and communications (I&C) sector. It advances the public interest in communications, mass media, and infrastructure development by devising a plan that assesses the vulnerabilities of the I&C sector and identifying protection strategies in times of crisis. NIST and NTIA will carry out the research needed for I&C and will coordinate all research with the Office of Science and Technology Policy and CIAO. The research will help ensure against a catastrophic infrastructure failure, reduce the

level of ongoing loss from attacks and failures, enhance the overall national economic security, and reduce the direct and indirect costs associated with infrastructure failures.

CIAO is funded at $6 million in FY 1999. Overall, we are requesting a program increase of $7.3 million in FY 2000 for NIST and NTIA to help facilitate the Commerce Department effort in this national program for critical infrastructure protection.

Key Management Initiatives

As you recall, when I took office I promised several actions to strengthen the management and operations of the Department. I reported on several of these last year, and I am pleased to report that we are continuing to make progress on key management issues at the Department of Commerce.

In addition to developing a Strategic Plan under the Government Performance and Results Act (GPRA), we have submitted our FY 2000 Annual Performance Plan (APP) under that Act, reflecting substantial improvements over the FY 1999 APP. It has substantially fewer goals and performance measures (about one-third as many performance measures as for FY 1999), and these goals and measures are more outcome or results-oriented, than they were last year. The FY 2000 APP is also much more closely linked to our FY 2000 Budget Request than the FY 1999 APP was to our FY 1999 budget.

In addition to these improvements in our implementation of GPRA, we have developed an internal Strategic Management Plan, which focuses on seven elements that cut across the Department. These are as follows:

- Supporting a successful Census 2000;
- Ensuring reliable and accurate Department-wide financial management;
- Making the most efficient use of information technology investments;
- Implementing an integrated policy, planning, and budgeting process;
- Establishing a solid risk management program;
- Improving customer service; and
- Maintaining a workplace that celebrates diversity and is free from discrimination.

Each of these elements is described in more detail in Part IV of the APP, entitled " Commerce Management Strategy: Success and Challenges." We will continue to move aggressively to improve our management capabilities and to ensure that Commerce is well-managed, well-organized, efficient and effective in providing the best possible service to the American public and business community.

Here are just a few of our achievements during the past two years:

- Increased clean financial audits from 24 percent to 84 percent;
- Reduced security clearances by 34 percent;
- Consolidated field offices from a total of 747 to a 600;
- Increased Y2K compliance from 25 percent to 85 percent;
- Installed an accountability system for IT investments – on which we spend $1 billion per year;
- Increased the discipline in our budget process through an "Integrated Policy, Planning, and Budget" process, chaired by the Deputy Secretary;
- Hired over 3000 "new workers" under the Welfare to Work Program;
- Launched a Government Wide Acquisition Contract (GWAC) for IT services for small, disadvantaged, and women-owned firms – the first such GWAC in government; and
- Hired a Chief Information Officer (CIO), and taken steps to create a Digital Department, including making investments in telecommunications and IT systems.

These initiatives are discussed in more detail in our Budget in Brief and APP. I am pleased to advise you that for the first time the Budget in Brief, the APP, and the budget justifications are available on a CD-ROM. The three documents are also available on the Internet at www.doc.gov/bmi/budget.

Commerce Employment

For FY 2000, our budget request reflects a significant increase in FTE employment. This increase of 45,167 FTEs for FY 2000, plus a sizeable increase in FY 1999, is almost exclusively due to the requirements associated with gearing up for the Decennial Census. Fee-funded patent and trademark examiners comprise most of the remainder of the FTE increase. In the FY 2000 Budget Request submitted prior to the Supreme Court decision, the FTE increase attributable to the Decennial Census was 44,749. This number of primarily temporary employees will increase further in light of the Supreme Court decision. It should be kept in mind that these FTE numbers are not the same as the number of full-time permanent positions within Commerce, which is growing at a very modest level.

Summary

Mr. Chairman, we realize that you and the other Subcommittee Members have a difficult job before you to develop an appropriations bill that will conform to the spending caps, consistent with the eventual final Budget Resolution. We look forward to working with the Subcommittee on the key issues that will confront all of us as you work toward developing an FY 2000 appropriations bill.

Thank you, Mr. Chairman, for this opportunity to review the progress we've made at Commerce over the past year and our requirements for the coming fiscal year. Last year I stated that we would hold every program and position to a stern test: keeping those we need to meet our goals, and

searching for new and more efficient ways to get the job done. This year's plans and budget reflect this approach.

And Mr. Chairman, if I may end on a personal note. As the last Commerce Secretary of this century, I always say it is the best time in the entire century to serve. We are in the longest peacetime expansion in history.

But it takes your support to make Commerce what it is. I thank you for the past two years, and I look forward to another good one.

UNITED STATES DEPARTMENT OF COMMERCE
Office of the Secretary
Washington, D.C. 20230

SECRETARY OF COMMERCE WILLIAM M. DALEY

William M. Daley was confirmed by the United States Senate as the 32nd Secretary of Commerce on January 30, 1997. President Clinton said in nominating him, he is "a man of rare effectiveness. He embodies the values of hard work and fair play, faith and family."

As Secretary, he oversees a Department with 33,000 people and a budget of almost $5 billion. The Department promotes American businesses, maintains America's economic statistics, conducts the census, issues patents and trademarks, sets industrial standards, conducts oceanic research, and forecasts the weather. In addition, Secretary Daley advises President Clinton on all matters concerning commerce, he is businesses' strong voice in the Cabinet, and a member of the President's economic team.

In Secretary Daley's first year, the Department helped American firms win 60 contracts overseas, worth $18 billion. Secretary Daley visited 18 countries, and took 100 U.S. executives on business development missions, including the first ever mission for small businesses. He pressed for a landmark agreement signed by 33 other nations that makes bribery of foreign officials a criminal offense. He expanded the trade compliance center and completed opening a nationwide network of 100 centers to help businesses identify export opportunities, as one-third of America's economic growth comes from exporting.

Secretary Daley is helping accelerate the development of high payoff technologies that could spur economic growth; has put an emphasis on expanding opportunities for minority businesses; and is working with the private sector on several issues related to the growing field of electronic commerce. Also, under his leadership, he is modernizing the National Weather Service, which did a better job of predicting *El Niño* than had ever been done before. This has helped communities and businesses save lives and property.

Believing that the Commerce Department should be run like a business, Secretary Daley holds all positions and programs to a stern test: is it the most efficient and cost effective way to get the job done? He is the first secretary in 30 years to submit a budget that helps the President of the United States balance the overall budget. In his efforts to modernize the Department, Secretary Daley has revised and streamlined procedures for trade missions, eliminated 100 political positions, and initiated a new security policy. His goal is to perform the best census in America's history in the year 2000.

In 1993, Secretary Daley served as Special Counsel to the President for the North American Free Trade Agreement, coordinating the successful campaign to guide passage of the historic trade accord through Congress.

A long-time Chicago civic and business leader, he was a partner in the law firm of Mayer, Brown & Platt. He was president and chief operating officer of Amalgamated Bank of Chicago from 1990 to 1993. He also practiced law with the firm of Daley and George of Chicago; served on corporate boards; and has been active in many Chicago community projects.

Secretary Daley holds an LL.B. from John Marshall Law School and a B.A. from Loyola University. Secretary Daley and his wife Loretta have two daughters and a son.

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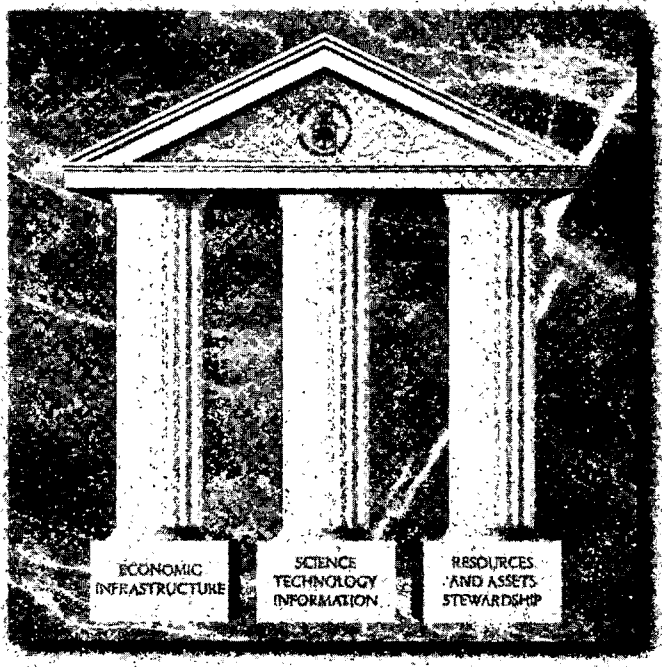
March 1998

U.S. DEPARTMENT OF COMMERCE

FISCAL YEAR 2000 • BUDGET IN BRIEF



WILLIAM M. DALEY
SECRETARY OF COMMERCE

THE DEPARTMENT OF COMMERCE BUDGET IN BRIEF

FISCAL YEAR 2000

WILLIAM M. DALEY, SECRETARY

Robert L. Mallett, Deputy Secretary

FOREWORD

The FY 2000 budget that I am submitting supports our Administration's effort to lead America into the 21st century. Working with President Clinton and Vice President Gore, I have established seven priorities for the Commerce Department that will contribute directly to our Nation's economic well-being in FY 2000 and beyond:

- Conducting the most accurate Decennial Census possible
- Improving our oceanic and atmospheric environment
- Broadening trade and ensuring that more Americans share in the benefits of expanded trade
- Stimulating technological growth and innovation
- Assisting communities suffering from economic distress or natural disasters
- Maintaining and protecting our Nation's critical infrastructure, including cyberspace
- Managing the complex programs of the Commerce Department efficiently and with accountability

The "Budget in Brief" outlines the programs we propose to achieve these priorities and initiatives. These programs are presented both in the "Priorities and Initiatives" overview and in the detailed Bureau narratives. I welcome your support in helping us to accomplish this important mission.

William M. Daley
Secretary of Commerce

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FY 2000 COMMERCE BUDGET IN BRIEF

INTRODUCTION

ABOUT THE BUDGET IN BRIEF

This Budget in Brief provides an overview of the Department of Commerce's major programs, and it explains how they address the Nation's needs. It provides additional details describing our initiatives, priorities and programs in the President's Budget and identifies the resources we need to conduct them.

The Government Performance and Results Act (GPRA) mandates that each federal department produce an Annual Performance Plan (APP) and submit it to Congress with its budget submission in early February. This FY 2000 budget represents significant work by the Department of Commerce to integrate the Budget in Brief and the FY 2000 APP. This has enabled us to link performance measures and targets with the annual budget as intended by GPRA.

The Budget in Brief contains several sections. The Introduction highlights the Commerce Department's programmatic missions and describes how we support the President's agenda and the Administration's priorities. It also identifies the overall resource levels that we seek for FY 2000, describes the other elements that comprise our budget request, describes our specific initiatives and priorities for FY 2000 and provides a framework that links our strategic themes with our programs and goals.

Following the Introduction, each chapter provides a bureau-by-bureau description of our program activities, budget requests, and performance measures and targets. The last portion of the Budget in Brief contains additional summary and technical information and numbers, legislative requirements, and a glossary of terms.

The Budget in Brief is now available electronically through the Department of Commerce's website, at http://www.doc.gov/bmi/budget ,and for the first time in CD-ROM format. The CD-ROM also contains the APP and the Department of Commerce's proposed FY 2000 budget in full

NOTE: Where dollar amounts are shown, these reflect program increases

POLICY OVERVIEW

In FY 1998, for the first time in thirty years and only the ninth time since 1947, the federal Government recorded a surplus. Even though FY 1999 spending is projected to increase by approximately $80 billion, the surplus is still expected to be approximately $54 billion. America has created the longest peacetime economic expansion in our history - with nearly 18 million new jobs, wages rising at more than twice the rate of inflation, the highest home ownership in history, the smallest welfare roles in thirty years, and the lowest peacetime unemployment rate since 1957. This is good news for the Nation. It demonstrates that the Administration's strategy of creating jobs through increased trade, investment in technology, and controlling federal spending — seeking budget increases only for the highest priority investment programs with the best "return on investment" for America — has been a success. The Department of Commerce has played a critical role in the Administration's investment strategy over the past six years, and we intend to build on that track record in FY 2000. The Commerce Department's programs provide vital services to the Nation's families, businesses and industries, communities, universities and research organizations, and federal, state, and local governments.

The Department plays a key role in ensuring America's continued world-class leadership in science, technology, trade, and information. The Department implements programs that support R&D and promote the application of innovative technologies to aid the commercialization of business processes; protect life and physical and intellectual property, manage natural resources and provide important information about the environment; expand opportunities in the international marketplace, while maintaining national security, through export licensing; provide management and technical assistance to minority businesses and economically distressed areas; and collect and disseminate economic and demographic data and environmental information used by private and public sector policymakers to measure our national economic well-being.

The Commerce Department is also the foremost provider of statistical information in the U.S. Government. Through its satellite and weather programs, oceans and atmospheric research, trade agencies, the Patent and Trademark Office, and the Census Bureau, Commerce provides vital information on the Nation's weather, fish and marine life and natural disasters; economic statistics; trade statistics; and information on how Americans live, work, travel, invent and invest.

In FY 1999, the Bureau of the Census is beginning to expand its resources (both funding and employees) in preparation for the Constitutionally-mandated year 2000 Census. In FY 1999, Commerce is also continuing its commitment to the health and sustainability of our oceans. In particular, the National Oceanic and Atmospheric Administration (NOAA) is focusing on improving the quality of coastal waters, protecting and restoring habitat for marine resources, rebuilding our Nation's fisheries including the use of aquaculture technology, understanding and predicting the role of the oceans as a driver of global climate, making marine transportation safer and more efficient, and building awareness of the importance of the oceans in our lives. Our FY 2000 efforts will build on this foundation.

America's small and medium-sized businesses are the heart of the Nation's economy and the main beneficiaries for many Commerce programs. We have provided technical help and information to these businesses, enabling them to grow and to help fuel the American economy during the past five years. This assistance ranges from advances in telecommunications — critically important to the thousands of small businesses that are run from home or small offices — to high-tech processes so necessary for medium-sized businesses' capacity to produce new products on a large scale.

The Department of Commerce plays key advocacy and market development roles in the Nation's exporting and international trade activities. Fulfilling our leadership role with the Trade Promotion Coordinating Committee, we are pressing the National Export Strategy into areas that will help keep America a successful competitor in the global marketplace.

The economic development assistance that the Commerce Department provides to communities across the Nation helps them attract industry, recover from natural and economic disasters, and build their infrastructure. This type of strategic economic development assistance is vital to support sustainable economic opportunities for distressed communities across the Nation in the 21st Century.

The Nation's capacity to produce jobs, support the growth of business and industry, and sustain communities is also affected by the forces of nature. The National Weather Service works to help provide Americans with the information they need to protect their lives, their property and their businesses. Other Commerce programs, like our support for coastal communities, and our air and water research, help ensure that the Nation will continue to enjoy a healthy natural environment that is a key prerequisite for our well-being and economic growth.

THE FY 2000 BUDGET

The FY 2000 budget request for the Department of Commerce is $7.271 billion, an increase of $2.131 billion (or 41%) over the FY 1999 level of $5.140 billion. The Decennial Census (for which we are requesting an increase of $1.771 billion above the FY 1999 appropriated level of $1.058 billion) accounts for the majority of this increase, with selected, other high-priority initiatives responsible for the rest . Full-Time Equivalent (FTE) employment in FY 2000 will be 92,844, up from the FY 1999 level of 47,677, an increase of 45,167. This increase is almost exclusively due to the Decennial Census, which will increase Commerce employment by 44,749 FTE. Fee-funded patent and trademark examiners comprise most of the remainder.

Our FY 2000 budget request consists of several elements:

- this Budget in Brief, which summarizes our FY 2000 request;
- the more extensive bureau-by-bureau budget justifications, which lay out the details of the Administration's plans for the Department and its programs for FY 1999;
- the Commerce Strategic Plan, which covers the 5-year planning horizon of FY 1997-2002 and which sets the context within which our FY 2000 activities play a part; and
- the Annual Performance Plan, which identifies the program goals, specific performance measures and targets that we will use to ensure effective and efficient use of our resources in FY 2000. The Annual Performance Plan is a new, increasingly integrated part of the budget process and provides a link between the Congressional budget request and the Commerce Department Strategic Plan.

Priorities and Initiatives

For FY 2000, the Administration has established seven key priorities that address the Nation's most critical and timely needs, and do so within the limitations of a balanced budget. Commerce FY 2000 initiatives supporting these Administration priorities provide continuing benefits to our Nation's communities, businesses and families.

The Administration priorities and initiatives cut across the Department of Commerce bureaus. These priorities and initiatives are presented below, and their key elements are discussed later in this Budget in Brief.

- Decennial Census and Other Statistical Programs
- Oceans and Atmosphere
- Broadening Trade
- Technology for Economic Growth
- Assisting Distressed Communities
- Critical Infrastructure Protection
- Key Management Initiatives

The FY 2000 Budget Request seeks base program funding and modest new investments that will best advance the Administration's priorities and ensure adequate funding for the Department's unique and special missions.

Decennial Census and Other Statistical Programs

This budget was developed before the recent Supreme Court ruling and assumes the use of sampling in the 2000 Census. Under that assumption, we are requesting a total Decennial budget of $2.8 billion, a $1.78 billion increase above FY 1999 for census implementation and associated audits. The Census Bureau will develop a plan in light of the Supreme Court ruling and estimates of any associated costs. This plan will include the use of statistical methods, as appropriate, to provide the most accurate census data possible.

Implementing the most accurate Decennial Census in history is among the highest priorities for the Department in FY 2000. In 1991, Congress directed the National Academy of Sciences to propose methods that would improve accuracy at acceptable cost. After several years of study, the Academy found that no amount of money spent on traditional methods could achieve satisfactory accuracy. The Academy recommended that traditional methods be complemented with scientific sampling along the lines that the Census Bureau adopted for 2000.

The Decennial Census Initiative also provides funding for the Continuous Measurement (CM) program, the major component of which is the American Community Survey (ACS). The Nation makes decisions every day, not every ten years. CM-ACS will replace the cumbersome long form in the 2010 Decennial Census and make local level data available every year, as needed for federal programs, community planning, and economic development. The total cost is approximately the same as doing the long form in the Decennial Census and reduces the cyclical nature of the Decennial budget over the decade. Two other Census programs designed to improve the Nation's Statistical Infrastructure Initiative are improving the measurement of poverty and GDP.

We are requesting an increase of $4.5 million for FY 2000 to support improvements in the Bureau of Economic Analysis (BEA) economic accounts. This initiative will allow BEA to resolve a wide range of significant concerns about our key economic data. The discrepancy between our product-side (GDP) and income-side (Gross Domestic Income) measures, for example, makes it difficult to assess the Nation's level of productivity and whether the economic expansion can be sustained without renewing inflationary pressures. Core institutions in this country — ranging from the Federal Reserve System to major employers to small investors in financial markets — are at risk in the absence of relevant, accurate, and timely information. This initiative will also allow the BEA to update and expand its coverage of high-tech goods and services, improve its inflation measures, expand measures of labor compensation, and update its treatment of investments in capital stock, including computer software. An increase of $500,000 is also requested for the International Trade Administration enhancement of travel and tourism statistics.

Oceans and Atmosphere — Natural Resources and the Environment

The Department of Commerce through the National Oceanic and Atmospheric Administration (NOAA), plays a key role in managing America's natural resources and protecting our environment and our people from global warming, drought, floods, and storms. From weather forecasting, to fisheries management to combating *pfiesteria*, Commerce stands ready to build on its range of successful programs that expand our understanding of our environment and now to respond to weather challenges.

For FY 2000, Commerce is proposing initiatives that support NOAA programs in two broad areas. First, Commerce supports the Natural Resources Initiative which includes initiatives that make up Ocean 2000 and Climate in the 21st Century, and second, the Natural Disaster Reduction Initiative.

Ocean 2000

Ocean and coastal resources are vitally important to our Nation's coastal and regional communities and to the Nation as a whole. One-third of the U.S. Gross Domestic Product and one-half of the Nation's jobs are sustained in coastal zones. With increasing national attention to the value of the ocean and its resources, the Ocean 2000 Initiative provides the Department of Commerce with integrated programs designed to capitalize on sustainable use of the ocean's resources.

This initiative contains several new and ongoing efforts, including the Lands Legacy Initiative totaling $105 million, unveiled by President Clinton in his 1999 State of the Union address. NOAA programs under the Lands Legacy Initiative include funds to maintain and enhance programs that protect and manage our coastal areas, including funds for environmentally sound coastal dredging and restoration; coral reef restoration; coastal zone management grants; and enhanced and expanded National Marine Sanctuaries and Estuarine Research Reserves. The Lands Legacy Initiative will also promote sound economic conservation of our fishery resources, with funds to restore fisheries habitat.

Closely linked to the Lands Legacy program are programs to further Resource Protection ($131.3 million) and to implement Endangered Species Act recovery plans ; and to provide grants to the states of Washington, Oregon, California and Alaska to develop cooperative conservation plans for Pacific Coastal Salmon Recovery ($100 million).

The Ocean 2000 Initiative also continues support for the Administration's $22 million Clean Water Initiative. Programs under this Initiative will provide for research, monitoring, and technical support to states to address polluted runoff and continued outbreaks of harmful algal blooms. The 1998 Year of the Ocean Conference outlined an agenda that calls for investments to protect America's interests in the marine environment and its resources. Year of the Ocean programs include enhanced marine navigation safety; coral reef restoration; examination of deep-sea marine species; better standards for aquaculture; fisheries stock assessment, conservation and management; and a new fishery research vessel ($78.1 million).

The South Florida Initiative, another element of the Ocean 2000 Initiative, strives to lessen the human impact on our important coastal resources. The South Florida Initiative continues NOAA's work on this interagency effort to halt the degradation and restore the functions of the South Florida ecosystem ($1.6 million).

Together, the Ocean 2000 programs will enable Commerce to encourage sustainable fisheries development as it works through NOAA to reduce overfishing and overcapitalization of the Nation's fishery resources; better manage the crisis of salvaging protected resources, including salmon, monk seals, right whales, and leatherback and loggerhead turtles; protect coastal habitats from continued loss and degradation; conduct more research into the effects of climate changes on the oceans and atmosphere; and promote safe navigation.

Climate in the 21st Century

Climate has emerged as one of the most critical environmental issues facing the United States. The urgency and demand for climate science information by decision-makers and the public is accelerating. For this reason, as the Department prepares to enter the 21st century, NOAA requests an increase of $19.1 million as part of the Natural Resources Initiative to meet the Nation's climate service and research needs. As part of this increase NOAA will expand climate research by acquiring the latest supercomputer technology to advance the climate models, as well as researching forcing agents and other modes of variability. Specific deliverables of this initiative are discussed in detail within the budget requests for NOAA's two climate portfolios, Predict and Assess Decadel to Centennial Change and Implement Seasonal to Interannual Climate Forecasts.

Related to this research but captured under the Year of the Ocean initiative is NOAA's request for $4.0 million to launch 1000 autonomous profiling floats in the Atlantic and Pacific Oceans that will provide real-time, basin-wide measurements to help produce for the first time "weather maps" of the upper ocean and the associated seasonal cycles. This initiative was announced at last year's National Oceans Conference and is set out under the Year of the Ocean Crosscutting Initiative.

Natural Disaster Reduction Initiative

Natural disasters resulting from severe weather (hurricanes, tornadoes, winter storms, droughts and floods) or geophysical activity (volcanoes, earthquakes, and tsunamis) threaten lives, property and the stability of local and regional economies throughout the United States. While science has yet to control the forces of nature and the $50 billion annual devastation of American communities, workplaces, and homes, we as a Nation can do three things: move out of harm's way, keep out of harm's way, and promote long-term recovery. It is essential that we first improve the predictions and warnings that allow people to move out of harm's way in the face of impending disasters and to keep them out of harm's way through the design of more resilient, sustainable communities. Commerce's FY 2000 Natural Disaster Reduction Initiative requests $42.1 million in net NOAA program increases and includes funding increases for the final stages of Weather Service modernization and continued progress in procuring satellite technology. This funding will enable the Department to implement the second-year component of its overall strategy to reduce the impacts of extreme natural events. The Economic Development Administration and the National Institute of Standards and Technology will continue Natural Disaster Reduction Initiative support using FY 2000 base resources at the FY 1999 level.

Through the effective crosscutting partnerships that NOAA has formed with local officials, Commerce works with the public and private sectors to save lives, protect property and minimize business disruption in the face of natural disasters. NOAA contributes to this partnership by providing weather warnings and forecasts to the general public via the National Weather Service (NWS), by acquiring and processing hydro- meteorological, ocean and spaced-based observations, conducting weather and climate research and maintaining historical environmental data and making it available to public and private concerns. NOAA's National Environmental Satellite, Data and Information Service (NESDIS) manages the operational satellites and NOAA's environmental data collection, providing critical data inputs to NWS forecasts and warning. All efforts are designed to reduce the impacts of natural extremes on all time scales, ranging from the very short (e.g. tornadoes, flash floods, and hurricanes) to the very long (e.g., climate variability in storm intensity and frequency, and droughts and floods). Thus, NOAA's range of products and services is essential to both preparing for the long-term risks of hazards as well as the immediate threat to people and property.

Broadening Trade

The Broadening Trade Initiative ($26.9 million) seeks to strengthen the domestic and international infrastructure necessary for American firms to conduct business in the global marketplace. It is a comprehensive strategy designed to enhance America's global competitiveness by building a stronger consensus for U.S. trade policies and export promotion; ensuring aggressive trade compliance; focusing on developing business in traditionally under-served regions such as Latin America and Africa; and working to establish the commercial infrastructure (financial, legal, measurement and standards, and intellectual property rights) needed in emerging economies to promote trade and long-term growth.

The Department also continues in its efforts to more closely align trade objectives with other policy goals. Trade and investment flows can play a significant role in supporting peace through sustained economic growth and stability. Secretary Daley led a business development mission last year to Northern Ireland, and has already traveled four times to Africa and twice to the Middle East to advance these efforts. The Department also has played a key role in defining the Nation's position for the Kyoto Climate Change Negotiations and continues to monitor the trade effects of various Multilateral Environmental Agreements, reflecting the Administration's concern with climate change and sustainable development.

The Department will capitalize on the long-term potential of under-served markets, without sacrificing traditional trade relationships, by expanding its presence in such areas as Sub-Saharan Africa, Latin America, and the Asia-Pacific region. The International Trade Administration will lead these efforts. The National Institute of Standards and Technology (NIST) will focus on the removal of standard-related trade barriers. The National Telecommunications and Information Administration (NTIA) will work with developing countries to implement the pro-competitive regulatory principles adopted by the World Trade Organization (WTO) including in the WTO's agreement on Basic Telecommunications. Additionally, the Bureau of Export Administration (BXA) will focus on screening pre-export notifications and post shipment verifications of high performance computers; conducting overseas end-use checks; administering Chemical Weapons Convention (CWC) declaration processing, and performing on-site inspections.

Technology for Economic Growth

The President's State of the Union Message reaffirmed the national priorities of maintaining the U.S. technology lead and expanding to more Americans in the benefits of America's dynamic, competitive, job-creating economy. The Department's FY 2000 budget request contains several increases and initiatives in support of these national goals.

NTIA's Telecommunications and Information Infrastructure Assistance Program (TIIAP) provides matching grants to nonprofit organizations and state, local, and tribal governments to demonstrate creative ises of information technology that provide educational, health, safety, and other community services. The program funds model projects - projects that other communities can emulate and replicate.

Building upon TIIAP and supporting the Administration's Next Generation Internet (NGI) efforts, NTIA requests funding for the Information Infrastructure grants program. The program would provide matching funds for planning grants to nonprofit organizations and state, local, and tribal governments to put them in a position to quickly utilize the capabilities of the Next Generation Internet when it becomes available.

The Public Telecommunications Facilities Planning and Construction Program provides matching grants to local communities for the planning and construction of telecommunications (mainly broadcasting) facilities that provide educational and cultural service to the public. NTIA requests additional funding to assist public broadcasters with a timely transition to digital broadcasting. The program will provide competitive grants to purchase basic digital transmission equipment and to encourage the development of innovative, replicable applications of new services made possible by digital broadcasting.

The Commerce FY 2000 budget request also includes an increase of $55 million for a contract award to begin construction of NIST's Advance Measurement Laboratory (AML). This facility will provide NIST with the temperature, humidity, vibration and air cleanliness required to perform cutting-edge research in the 21st century. NIST will establish a program to improve the quality of science education through its Teacher Science and Technology Enhancement Program.

These initiatives will complement proposed increases in selected Commerce base programs that support development in adoption of new technology.

We are also recommending that NIST's Advanced Technology Program (ATP) be increased by $34.5 million in FY 2000. The proposed increase supports a major goal of the Department and the Administration: to stimulate U.S. economic growth by developing high-risk and enabling technologies through industry-driven cost-shared partnerships. In FY 2000, NIST's Manufacturing Extension Program (MEP) will increase the resources devoted to gathering and disseminating best practices to all NIST-MEP manufacturing extension centers. At the same time, we propose a one-time decrease is being proposed in recognition that as the nationwide center network matures, the federal cost share is reduced according to plan.

The Commerce FY 2000 budget request includes increases of more than $100 million for the Patent and Trademark Business , Policy and Information Dissemination activities. These additional resources are fully funded by user fees and will

increase staffing and expand existing workplace electronic systems to meet projected growth in workload.

Assisting Distressed Communities

The Economic Development Administration (EDA) helps distressed communities overcome barriers that inhibit the growth of their local economies and limit their ability to compete regionally, nationally, and globally. Our foremost objective is to create a climate conducive to the development of private enterprise in America's distressed communities. Using EDA's highly flexible programs for public infrastructure, revolving loan funds, planning, technical assistance, and research, distressed communities create jobs and stimulate growth. These program tools, used together, can help prepare communities for rapidly changing technologies and global competition.

As part of its Economic Adjustment Assistance Program, the Department of Commerce will assist distressed communities recovering from sudden and/or severe economic downturns such as, those caused by increased foreign imports, industry downsizings, plant closings, environmental regulation, and natural disasters. Among other activities, this program will assist communities in the Northeast region with economic diversification and financial restructuring necessitated by federal restrictions imposed on the fisheries industry. Commerce proposes a $20 million increase for this program in FY 2000.

Critical Infrastructure Program

President Clinton signed the Presidential Decision Directive (PDD-63) establishing the Interagency Critical Infrastructure Program (CIP) to protect the Nation's critical infrastructures. Critical infrastructures are those physical entities and cyber-based systems essential to the minimum operations of the economy and government and include telecommunications, energy, banking and finance, transportation, water systems and emergency services, both public and private. The PDD calls for the creation of a National Infrastructure Assurance Plan over the next three years to raise defenses primarily against cyber, but also physical attack. In order to craft a comprehensive plan, federal agencies need to form strong partnerships with the private sector, which owns and maintains an estimated 90% of those critical entities vulnerable to attack.

The Commerce Department has been assigned two components of the CIP: the Critical Infrastructure Assurance Office (CIAO) and the Lead Agency role for the information and communications (I&C) sector. The CIAO, an interagency office housed within the Bureau of Export Administration (BXA), will provide support to the National Security Council National Coordinator's work with government agencies and the private sector in developing a national plan for protecting critical infrastructure. NTIA will serve as the lead agency for the I&C sector and, along with the National Institute for Standards and Technology (NIST) ,will carry out the research needed for I&C. The CIAO is funded at $6 million in FY 1999. Commerce's FY 2000 Secretarial Initiative requests program increases of $7.3 million for NIST and NTIA Critical Infrastructure Protection.

Key Management Initiatives

The President's State of the Union Message noted the importance of building a fiscally responsible and effective government for the information age. Under the leadership of Secretary Daley, Commerce has made management reform a top priority. Building on the improvements in management and systems achieved to date, Commerce is proposing three management initiatives for FY 2000, requiring an investment of $6.1 million.

Digital Department

Modernizing the Department's information technology infrastructure will expand the range of electronic options available to each bureau, establish Department-wide systems, and enable Commerce to process and provide information in the most convenient media for its customers. Creating a Digital Department, a jointly funded effort through the Working Capital Fund, will consist of:

- Creating a fiber optic backbone and unified network architecture for the Herbert C. Hoover Building and all other bureau buildings;
- Consolidating telecommunications infrastructure across bureaus;
- Creating a central operations office run by one bureau providing service to the full Department; and
- Creating a smart-card based physical and information security access program.

Clean Financial Audits

The Chief Financial Officers Act of 1990 (CFO Act) and the Government Management Reform Act of 1994 (GMRA) were designed to improve overall financial management practices of federal agencies. The Department's ability to produce reliable information on the costs of federal programs and activities requires an internal control structure that provides management with assurance that transactions are executed in compliance with the laws, regulations, and any other guidelines that affect financial statements. This initiative will target specific problems and work to ensure the integrity of the Department's financial statements, thereby resulting in the attainment of 100% unqualified financial audit opinions. The increase will also help to provide an integrated financial management system to comply with federal accounting practices.

PTO as a Performance Based Organization

As part of the Administration's efforts to make government work better and cost less, this legislative initiative will enable the Patent and Trademark Office (PTO) to become a Performance Based Organization (PBO) capable of delivering services to its customers on a level comparable with the private sector. A PBO structure will remove current federally imposed administrative burdens that prevent it from operating more effectively.

The PTO's role in protecting and promoting the use of intellectual property rights through issuance of patents and trademarks is a key component of the Department's efforts to help American businesses compete successfully in the technology-based global economy. PTO must become more efficient in providing its services as product life-cycles become shorter.

PTO meets the threshold requirements for becoming a PBO. It is revenue-producing and self-sustaining; involved in a large number of business-type transactions with the public; and capable of responding to the needs of a growing market for its services. Becoming a PBO would build upon PTO's current efforts to reduce processing time for patents, trademarks, and information dissemination requests by enhancing production; increase customer satisfaction through service quality improvement; increase organizational efficiency and effectiveness through consolidation of PTO office space; and enhance executive direction and policy support functions.

STRATEGIC PLANNING AND THE FY 2000 BUDGET: COMMERCE SETS A CONTEXT FOR THE FUTURE

The Government Performance and Results Act (GPRA) requires that agencies develop strategic plans that contain goals, objectives, and performance measures for all major programs. The Department of Commerce has embarked on an effort to capitalize on the synergy between our programs and to implement a Strategic Plan and an Annual Performance Plan that respond to these Congressional and stakeholder concerns.

Our Mission Statement and three Strategic Themes are:

The Department of Commerce promotes job creation, economic growth, sustainable development, and improved living standards for all Americans by working in partnership with businesses, universities, communities, and workers to:

Theme 1. Build for the future and promote U.S. competitiveness in the global marketplace by strengthening and safeguarding the Nation's economic infrastructure. (Economic Infrastructure Theme.)

Theme 2. Keep America competitive with cutting-edge science and technology and a world-class information base. (Science, Technology, and Information Theme.)

Theme 3. Provide effective management and stewardship of the Nation's resources and assets to ensure sustainable economic opportunity. (Resources/Assets and Management/Stewardship Theme.)

A key advantage of our Strategic Plan's structure is its flexibility, based on the recognitionthat some programs can have dual applications. For example, some technology programs can be cited under Theme 1 because they support the expansion of the economic infrastructure, as well as Theme 2, because they focus on technological innovation. Similarly, the content and application of patentable new scientific and technological discoveries fall under Theme 2, but the protection of the rights to this intellectual property — an important National asset — makes these programs part of Theme 3 as well.

Under the Secretary's leadership, the Department of Commerce is using its Strategic Plan to establish a context for the future. To pursue the Commerce mission, and to ensure the success of the three Strategic Themes, we need new insights, new information, and application of new technology, all brought together in a unique way. As America moves into the 21st century, the capabilities of and services delivered by the Department will be key to our domestic security and global competitiveness. Commerce is the only federal department whose structure encourages the integration of economics, trade and business development, environmental stewardship and technology and information. The integrated whole is far more powerful on behalf of the Nation than the sum of these separate parts.

The Themes within the Commerce Strategic Plan chelp identify and capitalize on relationships among bureaus and on partnerships with other agencies and external groups. The Strategic Plan supports the concept that strong working relationships will serve to strengthen the effectiveness of the Department as a whole, as well as demonstrate how individual bureaus logically and critically support the core mission of the Department.

The Commerce Strategic Plan provides the framework for strengthening existing relationships among bureaus and with external partners. Success for Commerce programs in the changing technological world and global economy will depend increasingly on alliances with businesses and industry, universities, State and local governments, and international parties. Partnerships promote the leveraging of resources and talent and often provide the means for meeting program requirements more effectively because of the mutual benefits involved. Partnerships will also be key to help establish per-

formance measures or goals where one agency lacks complete authority over the activities or policies that lead to a particular outcome. Partnerships with other agencies or entities make shared outcomes more achievable and enablebroader societal goals to be met more effectively.

OVERVIEW: LINKING OUR PRIORITIES & INITIATIVES, STRATEGIC PLAN, ANNUAL PERFORMANCE PLAN, AND FY 2000 REQUEST

The Administration priorities discussed above complement the Secretarial Initiatives and the Strategic Themes and their underlying goals and performance measures. The linkages between the Administration priorities, the Secretarial Initiatives, and the Strategic Themes are explained in the thematic discussions which follow.

FY 2000 ADMINISTRATION PRIORITIES AND COMMERCE STRATEGIC THEMES

These Strategic Themes are interdependent and help underscore how our programs serve the Nation. Examples of this, and of how the Strategic Plan's program goals and performance measures are supported through the FY 2000 budget request, are discussed in the bureau-specific chapters of this Budget in Brief.

IMPLEMENTING THEME 1: SUPPORT FOR THE NATION'S INFRASTRUCTURE

The Nation's Economic Infrastructure is defined broadly in the Strategic Plan reflecting Commerce's comprehensive mandates. Under this Theme, Commerce is concerned with the issues surrounding our domestic and international trading capacities, our Nation's job-creation capacities, our support for minority business, our leading technological innovation and improvements in production (and our protection of those new ideas), the economic health of our communities, our information infrastructure, and the provision of environmental predictions essential to protecting life and property.

The following FY 2000 Administration priorities are related to Theme 1:

- Decennial Census and Other Statistical Programs
- Broadening Trade
- Technology for Economic Growth
- Assisting Distressed Communities
- Critical Infrastructure Protection
- Key Management Initiatives

These initiatives build upon the Department of Commerce's existing commitments and efforts to opening and expanding foreign markets for U.S. goods and services and improving America's export performance. We are also committed to improving coordination and planning among federal export promotion programs and to reducing or eliminating unnecessary obstacles to private sector exports. In addition, Commerce actively promotes initiatives supporting development of the National Information Infrastructure, expansion of economic development and planning assistance to distressed areas, and expedited technology transfer to private sector users.

The current activities conducted or supported by the Department of Commerce under Theme 1 are not confined to domestic or international trade. Commerce's overall focus is on the Nation's economic infrastructure — the farms, factories, small- and medium-size businesses, and universities that make up our economy and provide jobs for millions of Americans. Commerce programs combine to result directly in job creation and economic efficiency — through promoting trade, developing and protecting technological advances in production and communication — and in supporting job creation by leveraging capital and other resources, and providing needed information, physical resources, and environmental prediction.

Each Commerce goal is a medium- to long-term effort we will pursue through shorter-term, measurable objectives. Progress in meeting these objectives will be shown in specific annual accomplishments (or performance measures).

IMPLEMENTING THEME 2:SUPPORT FOR THE NATION'S SCIENCE, TECHNOLOGY, AND INFORMATION INITIATIVES

The issues underlying Theme 2 — Science/ Technology/ Information — have grown in importance as science and technology have become increasingly pervasive in our society. Under Theme 2, we set national policy and examine issues of technological development and innovation, conduct scientific studies and data analysis leading to longer-range environmental predictions, provide information-based support to U.S. business and relating to international trade (ranging from the Decennial Census to specific market analysis), focus on the radio frequency spectrum and technological ways in which broadcasting is conducted, and conduct scientific and technical research in support of national needs.

The following FY 2000 Administration priorities are related to Theme 2:

- Decennial Census and Other Statistical Programs
- Oceans and Atmosphere
- Broadening Trade
- Technology for Economic Growth
- Critical Infrastructure Protection
- Key Management Initiatives

Maintaining cutting-edge science and technology and a world-

class information base are critical to keeping America competitive. Commerce bureaus work in concert to carry out this strategy and, in so doing, support the Departmental mission to promote job creation, economic growth, sustainable development, and improved living standards for all Americans.

Promoting the application of cutting-edge science and technology by American businesses in their daily operation is critical to strengthening the international competitive position of American firms. Commerce programs support R&D and promote the application of innovative technologies to commercialization of business processes; ensure protection of intellectual property; expand opportunities in international markets through export licensing; provide management and technical support to small- and medium-sized businesses and to economically distressed areas; and, collect and disseminate economic data and environmental information used by private and public sector policy makers to measure our Nation's economic well-being.

IMPLEMENTING THEME 3: SUPPORT FOR THE NATION'S RESOURCE MANAGEMENT AND STEWARDSHIP RESPONSIBILITIES

The Resource/Asset Management/Stewardship activities under Theme 3 encompass several diverse Commerce Department responsibilities. Under a series of legislative mandates Commerce has both direct and indirect management responsibilities for specific national resources, and stewardship responsibilities to ensure the optimum use of national assets. For example, Theme 3 focuses on intangible resources and assets — we grant access rights to intellectual property and to portions of the radio frequency spectrum. But at the same time, within Theme 3, Commerce has direct responsibilities for fishery management activities, recovering protected species, and the sustainable use and development of coastal resources. Under this Theme, Commerce is also concerned with the assets presented by closed military bases, and how best those assets can be converted for effective use by the local community.

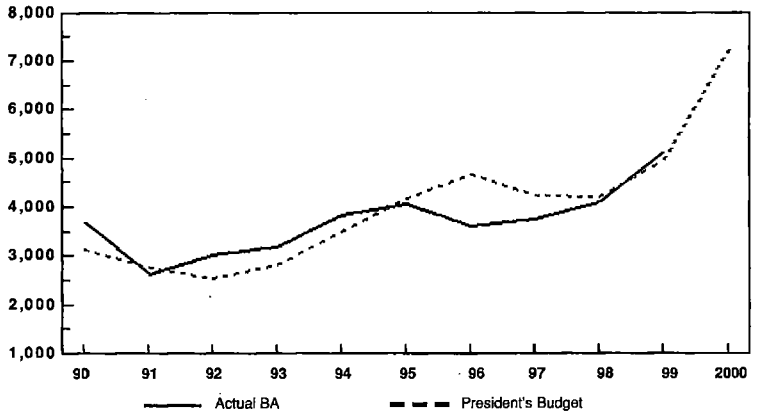
The following FY 2000 Administration priorities are related toTheme 3:

- Oceans and Atmosphere
- Technology for Economic Growth
- Assisting Distressed Communities
- Key Management Initiatives

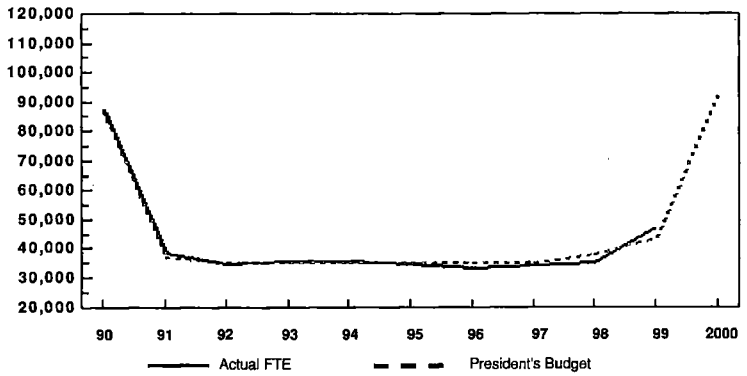
These priorities build on the significant role that the Department of Commerce already plays in the management of our national resources. We are committed to ensuring that the economic benefits of these resources are available, on a sustainable basis, to the entire Nation. Departmental initiatives promote community and individual use of our national assets to ensure continuing increases in the economic well-being of the Nation.

The Department of Commerce has a diverse role in the management of our national resources. Illustrating this diversity in its resource management role, the Department of Commerce provides economic adjustment assistance to communities affected by military base closures and defense facility downsizing, implements competitive grant programs supporting the development of the National Information Infrastructure, and manages the granting of intellectual property rights, the use of the radio frequency spectrum, and ocean and coastal resources.

Department of Commerce
Budget Authority
FY 1990 - FY 2000



Department of Commerce
FTE Employment
FY 1990 - FY 2000



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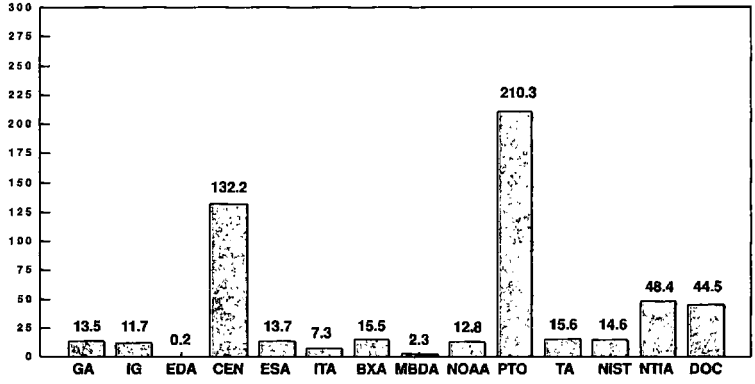
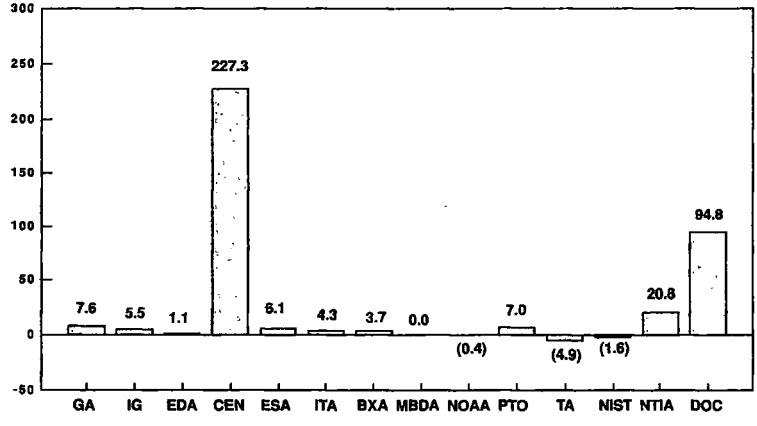
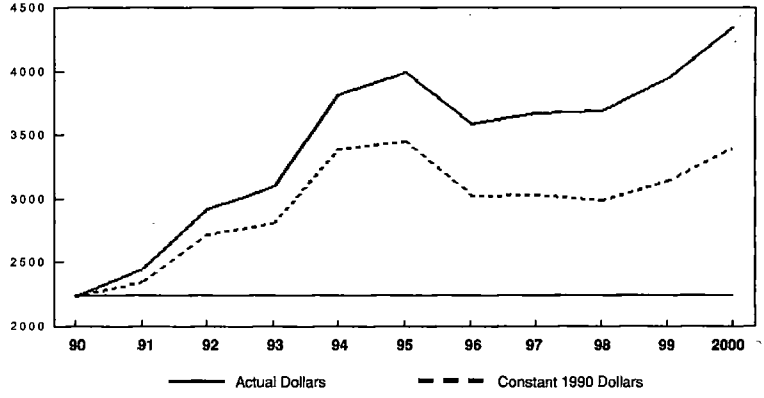
Department of Commerce
Change in Appropriations - Percent of Total
1999 vs 2000



Department of Commerce
Change in FTE - Percent of Total
1999 vs 2000



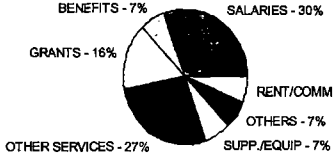
Department of Commerce
Actual vs Constant Dollars
1990 - 2000



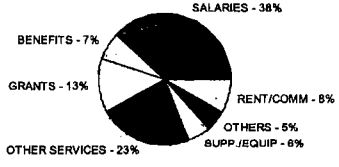
Excludes Periodic Censuses
FY 2000 constant 1990 dollar level approximates FY 1993 actual level

Department of Commerce
Types of Expenditure - 1999 vs 2000

1999



2000



DEPARTMENT OF COMMERCE FUNDING AND EMPLOYMENT

	1998	1999	2000 Estimate	Increase (Decrease)
BUDGET AUTHORITY				
Discretionary	$4,165,321	$5,067,225	$7,191,793	$2,124,568
Mandatory	(52,638)	72,702	79,602	6,900
TOTAL BUDGET AUTHORITY	4,112,683	5,139,927	7,271,395	2,131,468
OUTLAYS				
Discretionary	$4,251,239	$4,745,586	$6,627,912	$1,882,326
Mandatory	(204,585)	22,524	17,585	(4,939)
TOTAL OUTLAYS	4,046,654	4,768,110	6,645,497	1,877,387
FULL-TIME EQUIVALENT EMPLOYMENT	35,743	47,677 *	92,844 *	45,167
PERMANENT POSITIONS	32,850	35,452	36,373	921

BUDGET AUTHORITY -- FY 1998, FY 1999 AND FY 2000
(in thousands of dollars)

	1998	President's Budget		Change
DISCRETIONARY	Actual	1999	2000	1999 - 2000
General Administration	$29,490	$34,700	$34,046	($ 654)
Inspector General	20,140	21,000	23,454	2,454
Economic Development Administration	362,028	413,073	393,350	(19,723)
Bureau of the Census	689,091	1,339,949	3,071,698	1,731,749
Economic and Statistical Analysis	47,499	48,490	55,123	6,633
International Trade Administration	299,430	285,014	305,431	20,417
Bureau of Export Administration	43,900	52,661	60,455	7,794
Minority Business Development Agency	25,000	27,300	27,627	327
United States Travel & Tourism Administration	(3,000)	(915)	0	915
National Oceanic & Atmospheric Administration	1,989,132	2,198,001	2,480,303	282,302
Patent and Trademark Office	(81,316)	(78,458)	(43,991)	34,467
Under Secretary / Office of Technology Policy	8,500	9,495	8,972	(523)
National Technical Information Service	0	1,000	2,000	1,000
National Institute of Standards & Technology	677,877	662,150	734,956	72,806
National Telecommunications & Information Admin.	57,550	48,765	72,369	23,604
SUBTOTAL, DISCRETIONARY	4,165,321	5,062,225	7,225,793	2,163,568
MANDATORY				
General Administration	739	700	700	0
Economic Development Revolving Fund	0	0	0	0
Bureau of the Census	10,000	10,000	10,000	0
National Oceanic & Atmospheric Administration	71,319	69,426	76,326	6,900
Subtotal	82,058	80,126	87,026	6,900
Offsetting receipts	(134,696)	(7,424)	(7,424)	0
SUBTOTAL, MANDATORY	(52,638)	72,702	79,602	6,900
PROPOSED FY 1999 SUPPLEMENTAL				
Discretionary				
NOAA-Operations, Research & Facilities	0	1,880	0	(1,880)
NOAA - Fishing Finance Program Account	0	3,120	0	(3,120)
SUBTOTAL, FY 1999 SUPPLEMENTAL	0	5,000	0	(5,000)
PROPOSED FOR LATER TRANSMITTAL				
Discretionary				
NOAA/ORF - Navigation Services Fees	0	0	(14,000)	(14,000)
NOAA/ORF - Fisheries Management & Enforcement Services Fees	0	0	(20,000)	(20,000)
SUBTOTAL, PROPOSED FOR LATER TRANSMITTAL	0	0	(34,000)	(34,000)
TOTAL, DEPARTMENT OF COMMERCE	4,112,683	5,139,927	7,271,395	2,131,468

OUTLAYS -- FY 1998, FY 1999 AND FY 2000
(in thousands of dollars)

	1998	President's Budget		Change
DISCRETIONARY	Actual	1999	2000	1999 - 2000
General Administration	$32,459	$34,528	$33,679	($ 849)
Inspector General	20,032	21,137	23,160	2,023
Economic Development Administration	387,291	439,510	438,656	(854)
Bureau of the Census	618,808	1,237,429	2,837,586	1,600,157
Economic and Statistical Analysis	45,809	50,408	54,509	4,101
International Trade Administration	292,589	273,273	294,751	21,478
Bureau of Export Administration	43,184	53,432	58,684	5,252
Minority Business Development Agency	28,231	32,439	28,367	(4,072)
United States Travel & Tourism Administration	104	479	0	(479)
National Oceanic & Atmospheric Administration	2,102,838	2,062,481	2,337,690	275,209
Patent and Trademark Office	(56,251)	(201,381)	(169,568)	31,813
Under Secretary / Office of Technology Policy	6,536	21,878	9,663	(12,215)
National Technical Information Service	192	16,241	(675)	(16,916)
National Institute of Standards & Technology	668,113	631,874	650,828	18,954
National Telecommunications & Information Admin.	61,304	66,858	64,582	(2,276)
SUBTOTAL, DISCRETIONARY	4,251,239	4,740,586	6,661,912	1,921,326
MANDATORY				
General Administration	3,236	700	700	0
Economic Development Administration	(2,124)	(1,000)	(1,000)	0
Bureau of the Census	(76,404)	7,400	9,200	1,800
National Oceanic & Atmospheric Administration	5,403	22,848	16,109	(6,739)
Subtotal	(69,889)	29,948	25,009	(4,939)
Offsetting receipts	(134,696)	(7,424)	(7,424)	0
SUBTOTAL, MANDATORY	(204,585)	22,524	17,585	(4,939)
PROPOSED FY 1999 SUPPLEMENTAL				
Discretionary				
NOAA-Operations, Research & Facilities	0	1,880	0	(1,880)
NOAA - Fishing Finance Program Account	0	3,120	0	(3,120)
SUBTOTAL, FY 1999 SUPPLEMENTAL	0	5,000	0	(5,000)
PROPOSED FOR LATER TRANSMITTAL				
Discretionary				
NOAA/ORF - Navigation Services Fees	0	0	(14,000)	(14,000)
NOAA/ORF - Fisheries Management & Enforcement Services Fees	0	0	(20,000)	(20,000)
SUBTOTAL, PROPOSED FOR LATER TRANSMITTA	0	0	(34,000)	(34,000)
TOTAL, DEPARTMENT OF COMMERCE	4,046,654	4,768,110	6,645,497	1,877,387

FULL-TIME EQUIVALENT EMPLOYMENT - 1998, 1999 & 2000

	1998	1999	2000	Change 1999-2000
General Administration	748	962	1,035	73
Inspector General	192	218	230	12
Economic Development Administration	252	268	271	3
Bureau of the Census	10,113	19,617 1/	64,208	44,591
Economic and Statistical Analysis	492	537	570	33
International Trade Administration	2,115	2,313	2,413	100
Bureau of Export Administraiton	362	464	481	17
Minority Business Development Agency	89	120	120	0
National Oceanic and Atmospheric Administration	12,267	12,803	12,726	(77)
Patent and Trademark Office	5,300	6,358	6,801	443
Under Secretary / Office of Technology Policy	39	50	51	1
National Technical Information Service	338	424	400	(24)
National Institute of Standards & Technology	3,174	3,255	3,202	(53)
National Telecommunications & Information Admin.	262	288	336 2/	48
TOTAL, DEPARTMENT OF COMMERCE	35,743	47,677	92,844	45,167

1/ Includes 150 FTE not included in the President's Budget.

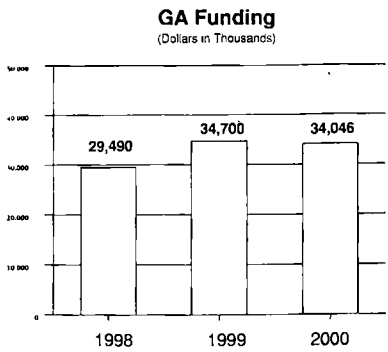
2/ Reflects an adjustment of -12 FTE from the President's Budget.

PERMANENT POSITIONS - 1998, 1999 & 2000

	1998	1999	2000	Change 1999-2000
General Administration	916	1007	1,080	73
Inspector General	226	237	250	13
Economic Development Administration	253	261	265	4
Bureau of the Census	4,867	6,325	6,627	302
Economic and Statistical Analysis	559	578	622	44
International Trade Administration	2,484	2,548	2,684	136
Bureau of Export Administraiton	368	468	491	23
Minority Business Development Agency	133	133	133	0
National Oceanic and Atmospheric Administration	13,195	12,870	12,986	116
Patent and Trademark Office	5,889	7,061	7,289	228
Under Secretary / Office of Technology Policy	51	53	53	0
National Technical Information Service	456	456	432	(24)
National Institute of Standards & Technology	3,162	3,162	3,113	(49)
National Telecommunications & Information Admin.	291	293	348	55
TOTAL, DEPARTMENT OF COMMERCE	32,850	35,452	36,373	921

GENERAL ADMINISTRATION

Within General Administration (GA), the Salaries and Expenses account provides funding for the Secretary, Deputy Secretary and support staff. Responsibilities involve policy development and implementation affecting U.S. and international activities as well as establishing the internal goals and operations of the Department. The functions include serving as the primary liaison with the Executive Branch, and Congressional and private sector groups, and acting as the management and administrative control point for the Department.



SUMMARY OF APPROPRIATIONS

(Dollars in Thousands)

Funding Levels

Appropriation	1998	1999	2000 Estimate	Increase (Decrease)
Salaries and Expenses	$27,490	$30,000	$34,046	$4,046
Transfer from EDA (P.L. 105-119)	1,000			
Transfer from NOAA (P.L. 105-118)	1,000			0
Transfer of Y2K Funds (P.L. 105-277)		5,350		(5,350)
Transfer of Y2K Funds to ITA		(350)		350
Transfer of Y2K Funds to MDBA		(300)		300
TOTAL BUDGET AUTHORITY	29,490	34,700	34,046	(654)
PERMANENT POSITIONS				
Salaries and Expenses	249	260	271	11
Reimbursable	48	48	48	0
Working Capital Fund	588	668	727	59
Franchise Fund	31	31	34	3
Total	916	1,007	1,080	73

HIGHLIGHTS OF BUDGET CHANGES

APPROPRIATION: Salaries and Expenses

Summary of Requirements

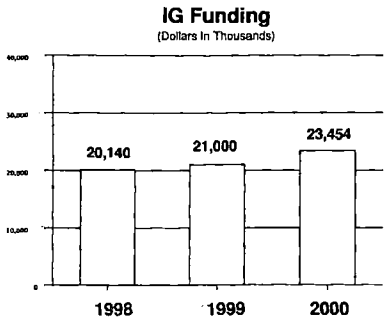
	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted			260	$34,700
Adjustments to Base				
Adjustments			11	700
System Acquisition Office				1,207
Continuation of 1999 Operating Level				(4,700)
Non-recurring Y2K Funds				
Other Changes				
1999 Pay raise	0	$194		
2000 Pay raise	0	647		
Payment to the Working Capital Fund	0	138		
Within-grade step increases	0	193		
Civil Service Retirement and Disability Fund	0	0		
Civil Service Retirement System(CSRS)	0	(24)		
Federal Employees' Retirement System(FERS)	0	31		
Thrift Savings Plan	0	41		
Federal Insurance Contributions Act (FICA) -OASDI	0	15		
Health Insurance	0	43		
Employees' Compensation Fund	0	21		
Travel	0	3		
FTS2000	0	9		
Rent payments to GSA	0	88		
Postage	0	2		
NARA Storage	0	29		
Printing and reproduction	0	2		
Other services:				
Working Capital Fund	0	.766		
Commerce Administrative Management System (CAMS)	0	(70)		
General Pricing Level Adjustment	0	11		
Subtotal, other cost changes			0	2,139
Less Amount Absorbed			0	0
TOTAL, ADJUSTMENTS TO BASE			11	(654)
2000 Base			271	34,046
Program Changes			0	0
2000 APPROPRIATION			271	34,046

Comparison by Activity

	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
DIRECT OBLIGATIONS	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
Executive Direction	93	$13,076	93	$13,391	93	$13,391	0	$0
Departmental Staff Services	167	22,619	178	20,655	178	20,655	0	0
TOTAL DIRECT OBLIGATIONS	260	35,695	271	34,046	271	34,046	0	0
REIMBURSABLE OBLIGATIONS	48	47,000	48	47,000	48	47,000	0	0
TOTAL OBLIGATIONS	308	82,695	319	81,046	319	81,046	0	0
FINANCING								
Unobligated balance, start of year		(995)						
Offsetting collections from:								
Federal funds	(48)	(47,000)			(48)	(47,000)		
Non-Federal sources								
Subtotal, financing	(48)	(47,995)			(48)	(47,000)		
TOTAL BUDGET AUTHORITY	260	34,700			271	34,046		
Transferred from other accounts	0	(4,700)			0	0		
TOTAL APPROPRIATION	260	30,000			271	34,046		

OFFICE OF THE INSPECTOR GENERAL

The Office of the Inspector General conducts audits, inspections and investigations to combat mismanagement, fraud, waste and abuse of Department resources, and to improve the efficiency and effectiveness of Commerce programs.



SUMMARY OF APPROPRIATIONS

(Dollars in Thousands)

Funding Levels

Appropriation	1998	1999	2000 Estimate	Increase (Decrease)
Inspector General	$20,140	$21,000	$23,454	$2,454
PERMANENT POSITIONS				
Inspector General	226	237	250	13

HIGHLIGHTS OF BUDGET CHANGES

APPROPRIATION: Office of the Inspector General

Summary of Requirements

	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted			237	$21,000
Adjustments to Base				
Other Changes				
1999 Pay raise	0	$124		
2000 Pay raise	0	460		
Payment to the Working Capital Fund	0	12		
Full year cost of positions financed in FY FY 1999	0	172		
Within-grade step increases	0	141		
Civil Service Retirement System (CSRS)	0	(49)		
Federal Employees' Retirement System (FERS)	0	93		
Federal Insurance Contributions Act (FICA) - OASDI	0	28		
Health Insurance	0	26		
Employees' Compensation Fund	0	18		
Travel	0	10		
Rent payments to GSA	0	39		
FTS	0	2		
Printing and reproduction	0	2		
Other services:				
Working Capital Fund	0	116		
Commerce Administrative Management System (CAMS)	0	44		
General Pricing Level Adjustment	0	31		
Subtotal, other cost changes			0	1,269
Less Amount Absorbed			0	(333)
TOTAL, ADJUSTMENTS TO BASE			0	936
2000 Base			237	21,936
Program Changes			13	1,518
2000 APPROPRIATION			250	23,454

Comparison by Activity

	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
DIRECT OBLIGATIONS	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
Inspector General	237	$21,000	237	$21,936	250	$23,454	13	$1,518
TOTAL DIRECT OBLIGATIONS	237	21,000	237	21,936	250	23,454	13	1,518
REIMBURSABLE OBLIGATIONS		1,100		500		500	0	0
TOTAL OBLIGATIONS	237	22,100	237	22,436	250	23,954	13	1,518
FINANCING								
Unobligated balance, start of year								
Offsetting collections from:								
Federal funds		(1,100)				(500)		
Non-Federal sources								
Subtotal, financing	0	(1,100)			0	(500)		
TOTAL BUDGET AUTHORITY	237	21,000			250	23,454		

Highlights of Program Changes

	Base		Increase / Decrease	
	Permanent Positions	Amount	Permanent Positions	Amount
2000 Decennial Census	237	$21,936	+8	+$465
Financial Statement Audits			+5	+$1,053

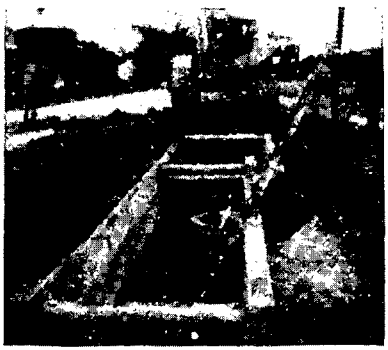
The requested funding will provide resources necessary for the 2000 Decennial Census and the Financial Statement Audits.

ECONOMIC DEVELOPMENT ADMINISTRATION

The Economic Development Administration (EDA) provides a broad range of economic development funding and assistance to stimulate employment and increase income in distressed communities, promoting greater national productivity and balanced economic growth. EDA responds to community needs and priorities that create private sector jobs and leverage private capital. EDA carries out its Economic Development Assistance Program (EDAP) through a network of headquarters and regional personnel, working with local leaders to identify and fund high priority projects in the neediest communities. EDA's foremost objective has been and continues to be to create a climate conducive to the development of private enterprise in America's distressed communities.

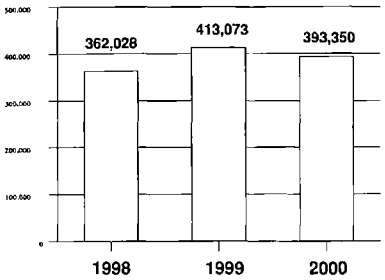
EDA is presenting its FY 2000 Budget Request under the mantle of its recent reauthorization. During the second session of the 105th Congress, Congress passed legislation to reauthorize EDA's programs, the first time in 18 years. The new legislation, the Economic Development Administration and Appalachian Regional Development Reform Act of 1998, encourages cooperation among Federal agencies, and provides for long-needed improvements that strengthen EDA's economic development tools through changes that lessen burdens on applicants, facilitate program delivery, and enhance program flexibility to address the needs of the Nation's most distressed communities.

EDA programs serve our nation's most distressed communities. In FY 2000, EDA grants will continue to assist communities characterized by high unemployment, low



EDA Funding

(Dollars in Thousands)



growth rate, loss of jobs, out-migration, defense adjustment, and long-term economic deterioration. EDA proposes to realign its traditional budget structure to emphasize its EDA's customers and their needs while retaining familiar program categories. The traditional programs: Public Works, Planning, Technical Assistance, Research, Trade Adjustment Assistance, Economic Adjustment, and Defense Economic Adjustment Assistance are now folded under each of the new categories described below.

Community and Regional Economic Enhancement serves as a catalyst for assisting distressed communities in achieving their long-term economic potential which is based upon locally and regionally developed priorities. EDA, working in partnership with other Federal agencies, state and local governments, regional economic development districts, public and private non-profit organizations and Indian Tribes, serves as a catalyst for assisting distressed communities in achieving their long-term competitive economic potential through strategic investment of resources. EDA provides investments in a variety of geographical areas. Criteria for eligibility relate to such general indicators of distress as substantial and persistent unemployment levels, low incomes, and slow job growth. A number of additional, more specialized criteria may also qualify an area for assistance, such as base closures, natural disaster, or long-term loss of economic activity. EDA investments will be concentrated on projects for construction or expansion of community infrastructure and development facilities which include water and sewer systems that support industrial parks and skill training facilities, business development assistance,

economic development planning and implementation, technical assistance and revolving loan funds.

Community Economic Adjustment provides technical assistance to U.S. firms and industries economically injured as a result of international trade competition.

The Disaster Mitigation and Economic Recovery program provides long-term economic recovery assistance to communities adversely impacted by major catastrophic disasters. In major disaster situations, these programs will allow EDA to provide the planning and business recovery assistance critically needed prior to passage/availability of any additional emergency supplemental appropriations.

Through a coordinated, comprehensive information-gathering and distribution process, the EDA **National Program Analysis and Information Consolidation** program will serve as the agency's conduit and repository for best practices in economic development.

EDA's goal is to promote economic development in distressed areas, as measured by new private investment, new and saved jobs, and increased local tax bases, all geared towards increased productivity and global competitiveness. As it strives to support this goal, EDA continues a series of evaluations to gauge the effectiveness of its efforts. The first evaluation, undertaken by Rutgers University, confirmed substantial, positive outcomes as a result of EDA investments.

EDA Performance Measures

EDA performance measures focus on long-term outcomes, and our performance goals are developed through systematic program evaluations (e.g., Rutgers et al.) that document the long-term results of EDA investments in distressed areas. For example, FY 2000 grants for public works and revolving loan fund projects are expected to create or retain 66,753 jobs by FY 2009.

EDA is developing a reporting system to track long-term outcomes (e.g., job creation and retention, private sector investment) reported by grantees over a period of years following grant award and project completion. FY 2000 grantees will report on program outcomes in 2003, 2006 and 2009. Similarly, outcomes for FY 1999 grant awards will be reported in 2002, 2005, and 2007. EDA introduced reporting requirements in FY 1997, but most of these grantees will not start reporting until the year 2000. In the interim, EDA is conducting pilot reviews of earlier projects (e.g., FY 1993 grant awards) to validate targets and train EDA staff and grantees on valid methods for reporting and verifying outcome data.

To supplement the long-term measures, EDA has developed a set of interim and process measures that can be used by managers on regular basis to set targets and track performance in critical areas that affect program outcomes (e.g., targeting investments to areas of highest distress and improving the quality and timeliness of EDA assistance). The interim measures will ensure annual reporting to gauge progress toward long-term goals.

Measures and Targets Summary

Goal	Measure	Target
Create jobs and private enterprise in economically distressed communities	Permanent jobs created or retained	6,675 by FY 2003 33,376 by FY 2006 66,753 by FY 2009
	Private dollars invested	$0.19 billion by FY2003 $0.95 billion by FY2006 $1.98 billion by FY2009
	State and local matching funds committed for EDA projects	$114 million by FY2000
	Percent of public works and economic adjustment construction and revolving loan fund grants in areas of highest distress	20% for FY 2000
	Application process time for grants	80% for FY 2000
Build community capacity to achieve and sustain economic growth	Percent of of clients rating technical assistance received as a 7 on a 1 to 10 scale	75% by FY 2000
	Percent of clients rating trade adjustment assistance received as a 7 on a 1 to 10 scale	75% by FY 2000

Goal	Measure	Target
Build community capacity to achieve and sustain economic growth	Number of research and technical assistance results published or presented nationally each year	5 annually
	Percent of local technical assistance and economic adjustment strategy grants in areas of highest distress	20% for FY 2000
	Percent of local jurisdictions contributing financial support for regional economic development planning	75% by FY 2000

SUMMARY OF APPROPRIATIONS

(Dollars in Thousands)

Funding Levels

Appropriation	1998	1999	2000 Estimate	Increase (Decrease)
Salaries and Expenses	$21,028	$24,000	$28,971	$4,971
EDAP	342,000	368,379	364,379	(4,000)
TOTAL APPROPRIATION	363,028	392,379	393,350	971
Transfer To:				
EDA S&E from Revolving Fund (P.L. 105-119)	3,000	0	0	0
Transfer From:				
Revolving Fund to: (P.L. 105-119)				
EDA S&E	(3,000)			
GA S&E	(1,000)			
Transfer of Y2K Funds (P.L. 105-277)		694	0	(694)
Transfer from Agriculture (P.L. 105-277)		20,000	0	(20,000)
TOTAL BUDGET AUTHORITY	362,028	413,073	393,350	(19,723)
PERMANENT POSITIONS				
Salaries and Expenses	253	261	265	4
EDAP	0	0	0	0
Total	253	261	265	4

HIGHLIGHTS OF BUDGET CHANGES

APPROPRIATION: Salaries and Expenses

Summary of Requirements

	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted			261	$25,594
Adjustments to Base				
Adjustments				
Non-recurring items			0	(1,594)
Other Changes				
1999 Pay raise	0	$159		
2000 Pay raise	0	507		
Payment to the Working Capital Fund	0	31		
Within-grade step increases	0	133		
Civil Service Retirement and Disability Fund	0	0		
Civil Service Retirement System (CSRS)	0	(45)		
Federal Employees' Retirement System (FERS)	0	56		
Thrift Savings Plan	0	11		
Federal Insurance Contributions Act (FICA) - OASDI	0	33		
Health Insurance	0	30		
Employees' Compensation Fund	0	31		
Travel	0	20		
Rent payments to GSA	0	64		
Postage	0	1		
FTS	0	20		
Printing and reproduction	0	4		
Other services:				
Working Capital Fund	0	105		
Commerce Administrative Management System (CAMS)	0	(162)		
NARA Storage and Maintenance	0	34		
General Pricing Level Adjustment	0	23		
Subtotal, other cost changes			0	1,055
Less Amount Absorbed			0	(118)
TOTAL, ADJUSTMENTS TO BASE			0	(657)
2000 Base			261	24,937
Program Changes			4	4,034
2000 APPROPRIATION			265	28,971

Comparison by Activity

	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
DIRECT OBLIGATIONS	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
Salaries and expenses	261	$26,177	261	$24,937	265	$28,971	4	$4,034
TOTAL DIRECT OBLIGATIONS	261	26,177	261	24,937	265	28,971	4	4,034
REIMBURSABLE OBLIGATIONS	7	1,460	7	760	7	760	0	0
TOTAL OBLIGATIONS	268	27,637	268	25,697	272	29,731	4	4,034
FINANCING								
Unobligated balance, start of year	0	(3,083)			0	(2,500)		
Offsetting collections from:								
Federal funds	(7)	(1,460)			(7)	(760)		
Unobligated balance, end of year	0	2,500			0	2,500		
Subtotal, financing	0	(2,043)			0	(760)		
TOTAL BUDGET AUTHORITY	261	25,594			265	28,971		
Transferred from other accounts	0	(1,594)			0	0		
TOTAL APPROPRIATION	261	24,000			265	28,971		

Highlights of Program Changes

	Base		Increase / Decrease	
	Permanent Positions	Amount	Permanent Positions	Amount
Salaries and Expenses	261	$24,937	4	+$4,034

An increase is requested in Salaries and Expenses to fully fund through regular appropriations the agency's current programs and to provide adequate staffing for new responsibilities in community and economic adjustment and disaster assistance (+4 pos.; +$4,034). These resources will enable staff to effectively manage appropriations increases achieved since FY 1993 in response to natural disasters and defense downsizing which have created an extensive portfolio of about 1,900 active, open economic development projects valued at about $1.0 billion.

APPROPRIATION: Economic Development Assistance Programs

Summary of Requirements

	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted			0	387,479
Adjustments to Base				
Adjustments				
Non-recurring Items				(19,100)
2000 Base			0	368,379
Program Changes			0	(4,000)
2000 APPROPRIATION			0	364,379

Comparison by Activity

	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
DIRECT OBLIGATIONS	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
Community and Regional Economic Enhancement	0	$353,899	0	$353,899	0	$346,899	0	($ 7,000)
Public Works	0	[205,850]	0	[205,850]	0	[191,178]	0	[-14,672]
Planning	0	[24,000]	0	[24,000]	0	[29,671]	0	[5,671]
Technical Assistance	0	[7,999]	0	[7,999]	0	[10,000]	0	[2,001]
Economic Adjustment Assistance	0	[31,250]	0	[31,250]	0	[51,250]	0	[20,000]
Defense Economic Adjustment	0	[84,800]	0	[84,800]	0	[64,800]	0	[-20,000]
Community Economic Adjustment	0	9,500	0	9,500	0	12,000	0	2,500
Trade Adjustement Assistance	0	[9,500]	0	[9,500]	0	[12,000]	0	[2,500]
National Program Analysis and Information Consolidation	0	1,601	0	1,601	0	2,101	0	500
Technical Assistance	0	[1,101]	0	[1,101]	0	[1,601]	0	[500]
Research and Evaluation	0	[500]	0	[500]	0	[500]	0	[0]
Disaster Mitigation and Economic Recovery	0	3,379	0	3,379	0	3,379	0	0
Economic Adjustment Assistance	0	[3,379]		[3,379]		[3,379]	0	[0]
Hurricanes Andrew/Fran/Hortense	0	2,284						
1996 Floods	0	24						
Upper Midwest Floods	0	12,016						
Tri-State Floods	0	1,439						
Defense Adjust/Miss. Inst./City of Hea	0	1,106						
Alaska	0	19,100						
TOTAL DIRECT OBLIGATIONS	0	404,348	0	368,379	0	364,379	0	(4,000)
REIMBURSABLE OBLIGATIONS		600		0		0	0	0
TOTAL OBLIGATIONS	0	404,948	0	368,379	0	364,379	0	(4,000)
FINANCING								
Unobligated balance, start of year	0	(16,869)						
Offsetting collections from:								
Federal funds	0	(600)			0	0		
Subtotal, financing	0	(17,469)			0	0		
TOTAL BUDGET AUTHORITY	0	387,479			0	364,379		
Transferred from other accounts	0	(19,100)			0	0		
TOTAL APPROPRIATION	0	368,379			0	364,379		

Highlights of Program Changes

	Base		Increase / Decrease	
	Permanent Positions	Amount	Permanent Positions	Amount
EDAP	0	$368,379	0	-$4,000

A net decrease is requested for EDAP (0 pos.; -$4,000). Within this amount, an increase is requested in Economic Adjustment to help distressed communities recover from sudden and/or severe economic downturns such as those caused by increased foreign imports, international trade agreements, industry downsizings, plant closings, environmental regulations, and natural disasters. A portion of this increase will be used to assist the Northeast region with economic diversification and financial restructuring necessitated by Federal restrictions imposed on the fisheries industry. EDA will provide assistance to adversely impacted fishermen and communities in the Northeast in the form of planning and technical assistance grants, grants to revolving loan funds, and public works construction grants (0 pos.; +$20,000). An increase is requested for Planning to increase support of the nationwide network of Economic Development Districts and tribal planning organizations serving areas of high economic distress or to establish new organizations in distressed areas of the country currently not receiving local economic development assistance (0 pos.; +$5,671). An increase is requested for Technical Assistance to expand the University Center program by establishing five to seven new University Centers in FY 2000, and a portion of the increase will be allocated to EDA regional offices to start additional University Centers in underserved areas (0 pos.; +$2,501). Lastly, an increase is requested for Trade Adjustment Assistance to provide direct technical assistant to trade-impacted firms (0 pos.; +$2,500).

A decrease is proposed for Public Works. However, this program will remain the mainstay of EDA's traditional programs for assisting economically distressed areas (0 pos.; -$14,672). Although a decrease is proposed for Defense Economic Adjustment, EDA will continue to deliver economic development assistance to the most significantly impacted communities. EDA expects that funding requirements will decline (0 pos.; -$20,000). These decreases will not hinder EDA program effectiveness or delivery. Instead, the strategic targeting of resources will enable EDA to focus on the Nation's neediest communities.

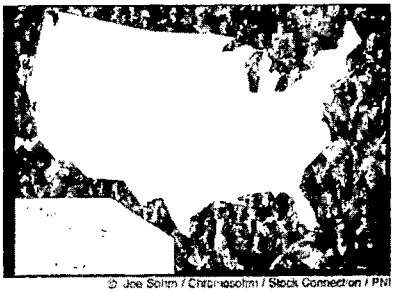
BUREAU OF THE CENSUS

The Census Bureau's mission is to collect and provide high quality statistics about the American people and economy. To deliver high value, the Bureau must target measurement on those trends and segments of our population and economy most critical to continued American success and prosperity.

The **Salaries and Expenses** appropriation provides for monthly, quarterly and annual surveys, and other programs which require a constant annual funding level. The Bureau's current population and housing surveys and analysis provide detailed and integrated information on the social, demographic, economic and housing conditions of the U.S. These programs are used for planning by both the public and private sectors.

The **Survey of Program Dynamics** (SPD) was established and funded through mandatory appropriations by the Personal Responsibility and Work Opportunity Reconciliation Act of FY 1996 (P.L. 104-193). The SPD provides policy makers with socioeconomic data on the impact of the welfare provisions of the Act.

The **Periodic Censuses and Programs** appropriation funds the decennial census conducted every ten years, the economic censuses and the census of governments which are conducted every five years, as well as other programs which are conducted on a cyclical nature.



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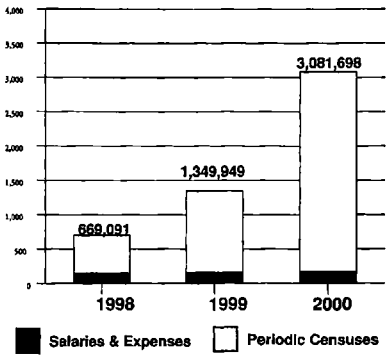
The **Working Capital Fund** is a non appropriated account used to finance services within the Census Bureau. These services are more efficiently performed on a centralized basis and include reimbursable work Census performs for other Federal agencies, state and local governments, foreign governments and the private sector.

CENSUS Funding

(Dollars in Thousands)



Strategic Plan and Performance Measures

Census supports two strategic themes of the Department of Commerce: **Economic Infrastructure** and **Science Technology and Information.** The goals supported under each theme are to provide quality, timely and relevant data.

A more detailed presentation of goals, objectives, and performance measures is found in the Department's Annual Performance Plan and Census's budget justification.

Measures and Targets Summary

Goal	Measure	Target
Provide quality data:		
Decennial	Net population undercount	0.1%*
Economic	Accuracy score	TBD
Demographic	% of household surveys attaining 100% of reliability specifications**	100
	% of household surveys with initial response rates >90%***	100
Provide timely and relevant data:		
Decennial	Meet all Census 2000 published data release milestones on time	100% on time
	Qualitative independent evaluations	NA
Economic	Meet all principal economic indicator published release dates on time	100% on time
	Customer satisfaction ranking****	>4 (5 point scale)
Demographic	Reduce time between of data collection and data release for selected household surveys	5% annual decrease
	Qualitative customer evaluation	NA

* Assumes Congress allows sampling for non-response and the Integrated coverage measurement survey (ICM).

** Reliability: A series of statistical measurements that define the precision of a survey; e.g., standard error, coefficient of variation, and sample design effect.

*** Excludes household expenditure surveys.

**** This is a Bureau of Economic Analysis measure that is affected by the performance of Census economic programs.

SUMMARY OF APPROPRIATIONS

(Dollars in Thousands)

Funding Levels **Discretionary Appropriations**	1998	1999	2000 Estimate	Increase (Decrease)
Salaries and Expenses	$137,278	$136,147	$156,944	$20,797
Periodic Censuses and Programs	555,813	1,186,902	2,914,754	1,727,852
Total Discretionary Appropriation	693,091	1,323,049	3,071,698	1,748,649
Transfer of Y2K to S&E (P.L. 105-277)	0	10,000	0	(10,000)
Transfer of Y2K to PCP (P.L. 105-277)	0	10,900	0	(10,900)
Transfer To Oth Acct (P.L. 105-277)	(4,000)	(4,000)	0	4,000
Permanent Appropriation				
Survey of Program Dynamics	10,000	10,000	10,000	0
Salaries and Expenses	147,278	156,147	166,944	10,797
Periodic Censuses and Programs	551,813	1,193,802	2,914,754	1,720,952
TOTAL BUDGET AUTHORITY	699,091	1,349,949	3,081,698	1,731,749
PERMANENT POSITIONS				
Salaries and Expenses	1,460	1,468	1,468	0
Periodic Censuses and Programs	2,189	3,390	3,692	302
Total, Discretionary Positions	3,649	4,858	5,160	302
Mandatory	91	60	60	0
Working Capital Fund	1,127	1,407	1,407	0
Total Positions	4,867	6,325	6,627	302

HIGHLIGHTS OF BUDGET CHANGES

APPROPRIATION: Salaries and Expenses

Summary of Requirements

	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted			1,468	$146,147
Adjustments to Base				
Other Changes				
1999 Pay raise		$861		
2000 Pay raise		3,224		
Payment to the DOC Working Capital Fund		113		
Within-grade step increases		2,132		
Civil Service Retirement System(CSRS)		(1,037)		
Federal Employees' Retirement System(FERS)		1,304		
Thrift Savings Plan		44		
Federal Insurance Contributions Act (FICA) -OASDI		785		
Health insurance		288		
Employees' Compensation Fund		21		
Travel		42		
Rent payments to GSA		169		
Postage		37		
FTS		72		
Printing and reproduction		28		
Other services:				
DOC Working Capital Fund		6,153		
NARA Storage and Maintenance		88		
General Pricing Level Adjustment		352		
Subtotal, other cost changes			0	14,676
Less Amount Absorbed			0	(3,879)
TOTAL, ADJUSTMENTS TO BASE			0	10,797
2000 Base			1,468	156,944
Program Changes			0	0
2000 APPROPRIATION			1,468	156,944

Comparison by Activity

DIRECT OBLIGATIONS	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
Current surveys and statistics								
Current economic statistics	1,046	$92,638	1,046	$100,118	1,046	$100,118	0	$0
Current demographic statistics	381	49,704	381	52,867	381	52,867	0	0
Survey development & data serv.	41	3,805	41	3,959	41	3,959	0	0
Subtotal, Discretionary Obligations	1,468	146,147	1,468	156,944	1,468	156,944	0	0
Survey of Program Dynamics	60	10,000	60	10,000	60	10,000	0	0
TOTAL DIRECT OBLIGATIONS	1,528	156,147	1,528	166,944	1,528	166,944	0	0
FINANCING								
Offsetting collections from:								
Federal funds	0	0			0	0		
Non-Federal sources	0	0			0	0		
Subtotal, financing	0	0			0	0		
Less Permanent Appropriation	(60)	(10,000)			(60)	(10,000)		
TOTAL DISCRETIONARY BA	1,468	146,147			1,468	156,944		
Transfer from other accounts		(10,000)			0	0		
TOTAL APPROPRIATION	1,468	136,147			1,468	156,944		

APPROPRIATION: Periodic Censuses and Programs

Summary of Requirements

	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted			3,390	$1,193,802
Adjustments to Base				
Other Changes				
1999 Pay raise		$721		
2000 Pay raise		2,408		
Within-grade step increases		4,338		
Civil Service Retirement System(CSRS)		(779)		
Federal Employees' Retirement System(FERS)		979		
Thrift Savings Plan		33		
Federal Insurance Contributions Act (FICA) -OASDI		587		
Health Insurance		239		
Employees' Compensation Fund		35		
Travel		53		
Rent payments to GSA		160		
Postage		70		
FTS		57		
Printing and reproduction		61		
Other services:				
General Pricing Level Adjustment		675		
Subtotal, other cost changes			0	9,637
Less Amount Absorbed			0	(5,173)
TOTAL, ADJUSTMENTS TO BASE			0	4,464
2000 Base			3,390	1,198,266
Program Changes			302	1,756,488
TOTAL REQUIREMENTS			3,692	2,954,754
Recoveries from prior year obligations			0	(40,000)
2000 APPROPRIATION			3,692	2,914,754

Comparison by Activity

DIRECT OBLIGATIONS	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
Economic statistics programs:								
Economic censuses	391	$54,083	391	$52,263	391	$46,444	0	($5,819)
Census of governments	24	3,816	24	4,594	24	4,318	0	(276)
Subtotal, Economic statistics	415	57,899	415	56,857	415	50,762	0	(6,095)
Demographic statistics programs:								
Intercensal demographics est's	43	5,431	43	5,300	43	5,300	0	0
2000 Decennial census	2,379	1,047,632	2,597	1,057,836	2,910	2,829,545	313	1,771,709
Subtotal, Demographic statistics	2,422	1,053,063	2,640	1,063,136	2,953	2,834,845	313	1,771,709
Continuous measurement	218	20,256	0	0	0	0	0	0
Sample redesign	46	5,614	46	4,805	46	4,805	0	0
Electronic Information Collection	43	7,907	43	7,939	43	7,939	0	0
Geographic support	246	42,679	246	42,532	235	33,406	(11)	(9,126)
Data processing system	0	24,790	0	22,997	0	22,997	0	0
TOTAL DIRECT OBLIGATIONS	3,390	1,212,208	3,390	1,198,266	3,692	2,954,754	302	1,756,488
FINANCING								
Unobligated balance, start of year	0	(6,406)	0	0	0	0	0	0
Recovery of prior obligations	0	(12,000)	0	(40,000)	0	(40,000)	0	0
Subtotal, financing	0	(18,406)	0	(40,000)	0	(40,000)	0	0
TOTAL BUDGET AUTHORITY	3,390	1,193,802	3,390	1,158,266	3,692	2,914,754	302	1,756,488
Transfer from other accounts	0	(10,900)	0	0	0	0	0	0
Transfer to other accounts	0	4,000	0	0	0	0	0	0
TOTAL APPROPRIATION	3,390	1,186,902	3,390	1,158,266	3,692	2,914,754	302	1,756,488

Highlights of Program Changes

	Base		Increase / (Decrease)	
	Permanent Positions	Amount	Permanent Positions	Amount
Economic Census	391	$52,263	0	-$5,819

The Economic Census is the foundation of all Federal economic statistics. The census benchmarks national statistical profiles that show economic and household trends. FY 2000 is the sixth and last year in the six year cycle of the 1997 Economic census. The Bureau will begin the release of more than 500 industry, geographic, and special Economic Census products, including data products using the new North American Industry Classification System (NAICS). FY 2000 is also the first year in the 2002 Economic Census cycle, therefore planning for that census will begin.

Census of Governments	24	4,594	0	-276

The Census of Governments is the only source of comprehensive and uniformly classified data about the economic activities of state and local governments. The census provides performance benchmarks and shows economic trends and general financial health and stability of those governments. FY 2000 is the first year in the five year cycle of the 2002 Census of Governments. The focus for FY 2000 is planning for the census.

Decennial Census	2,597	1,057,836	+313	+1,771,709

As mandated by the Constitution, the Decennial Census provides the official population counts for determining the number of seats in the U.S. House of Representatives and for determining how the districts are defined for those seats. The Decennial Census provides detailed information on small areas and population groups that are used by state and local governments, business and private citizens for planning activities. Funding for this program will include funding for the national sample for comparison between the American Community Survey and Census 2000 data. Census data is also used by Federal agencies to implement programs and to distribute over $100 billion in Federal funds each year.

FY 2000 is the critical year in which the Bureau will launch Census 2000. In the Spring of 2000, every American household will receive a census questionnaire, either in the mail or by hand. The major data collection (i.e., enumeration) activities will occur between April and September. The enumeration will include the use of well-established statistical sampling techniques which will result in the most cost-effective and accurate census ever. Once data collection is complete, data processing will continue to assure the accuracy of the census results. Funding is included to collect American Community Survey national sample data for benchmarking against Census 2000 results, which is vital for elimination of the long form from the 2010 Decennial Census. Other FY 2000 activities will include continued implementation of Census 2000 public outreach and marketing efforts, collecting data on populations living in nontraditional households, and ensuring that the American public has multiple ways to respond to Census 2000. The Administration remains fully committed to the use of sampling in the Decennial Census. Without sampling, the cost of the decennial census will increase and its accuracy, especially with regard to groups that are traditionally undercounted, will decrease.

Geographic Support	246	42,532	-11	-9,126

The Geographic Support program goal is to determine the correct location of every business establishment, farm, and residence in the U.S. and its territories. The activity's major components include the Topologically Integrated Geographic Encoding and Referencing (TIGER) data base and the Master Address File (MAF). TIGER provides maps and other geographic information; MAF provides residential addresses for the Nation. TIGER and MAF are important because they provide essential information and products for conducting many of the Bureau's programs. The decrease in FY 2000 reflects a shift of resources for MAF maintenance work from Geographic Support to the Decennial Census. It also reflects the completion of the acquisition of replacement computer hardware to process the TIGER data base.

ECONOMIC AND STATISTICAL ANALYSIS

Economic and Statistical Analysis (ESA) provides a wide range of economic statistics and analyses that describe the U.S. economy. This budget provides for the **Bureau of Economic Analysis (BEA)**, a principal Federal statistical agency, and the **Economics and Statistics Administration's Headquarters,** which supports economic policy decisions with information on economic events and the workings of the economy. ESA Headquarters also includes **STAT-USA** (funded through the ESA Revolving Fund), a one-stop shop for the delivery of economic, business, and trade-related data to customers around the country.

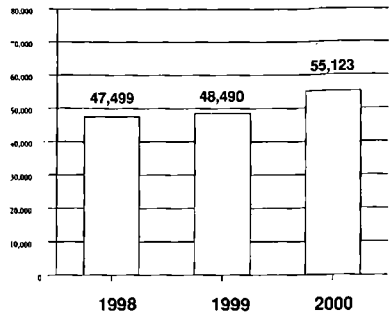
BEA is the Nation's economic accountant, integrating and interpreting large volumes of diverse data to draw a comprehensive, up-to-date picture of U.S. economic activity. Through its national, regional, and international accounts, BEA produces such widely-used statistical measures as gross domestic product (GDP), corporate profits, personal outlays and saving, state personal income, and the balance of payments. BEA's economic statistics are a vital part of the Federal statistical system, and they provide government, businesses, households and individuals with critical information on the workings of the economy, including economic growth, regional economic development, and the Nation's position in the world economy.

PERFORMANCE

Data Quality

Working with data users, BEA developed a comprehensive strategic plan to maintain and improve the quality of GDP and other economic accounts data. This plan has specific milestones to develop new and improved measures of output and prices; better measures of investment, saving, and wealth; and improved measures of international transactions. As outlined in ESA's 2000 Congressional budget submission, the funding requested in FY 2000 would permit BEA to undertake critically needed projects to update and revamp the accounts. These include projects to resolve the persistent "statistical discrepancy" between economic growth as measured by the output accounts and by the income accounts to treat expenditures on computer software as capital investment, to develop more accurate estimates of the growth in output and productivity for financial services and insurance, and to expand the coverage of international trade in volatile and rapidly growing services.

ESA Funding
(Dollars in Thousands)



Customer Service

Data users rely on BEA to produce and disseminate accurate, timely, and relevant economic statistics, and many of them want increased electronic accessibility to BEA data. In response, BEA has streamlined its website to allow users with any browser to access and download data more quickly and efficiently. It has expanded the information available on its website to include complete issues of *Survey of Current Business* (its monthly journal), the methodologies used to prepare the economic accounts, and BEA's new *Catalog of Products*. BEA also produces CD-ROMs that provide regional economic information and data, comprehensive estimates of the Nation's capital stock, and the contents of the *Survey of Current Business*.

Computer Re-Engineering

Although BEA has expanded and modernized its information technology, including the retirement of its aging mainframe computer and the migration of all applications to its local area network, there is still much re-engineering to be done. When this work is completed, BEA analysts will have the analytical tools that take advantage of real time data manipulation to improve the accuracy, timeliness, comprehensiveness, and accessibility of BEA data.

Measures and Targets Summary

Goal	Measure	Target
Provide quality data	Accuracy Score (as determined by evaluation system on a scale of 100)	>85
Provide timely and relevant data	Mean Customer Satisfaction Rating (on a scale of 1 to 5)	>4
	% of Scheduled Releases Issued on Time	100

SUMMARY OF APPROPRIATIONS

(Dollars in Thousands)

Funding Levels

Appropriation	1998	1999	2000 Estimate	Increase (Decrease)
Salaries and Expenses	$47,499	$48,490	$55,123	$6,633
PERMANENT POSITIONS				
Salaries and Expenses	509	509	553	44
Reimbursable	34	34	34	0
Revolving Fund	16	35	35	0
Total	559	578	622	44

HIGHLIGHTS OF BUDGET CHANGES

APPROPRIATION: Salaries and Expenses

Summary of Requirements

	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted			509	$48,490
Adjustments to Base				
Adjustments				679
Continuation of FY 1999 operating level				
Other Changes				
1999 Pay raise		$290		
2000 Pay raise		1,112		
Within-grade step increases		346		
Civil Service Retirement System(CSRS)		(29)		
Federal Employees' Retirement System(FERS)		36		
Thrift Savings Plan		7		
Federal Insurance Contributions Act (FICA) -OASDI		17		
Health insurance		55		
Employees' Compensation Fund		77		
Rent payments to GSA		122		
Postage		3		
FTS		2		
Printing and reproduction		5		
Other services:				
Working Capital Fund		616		
Commerce Administrative Management System (CAMS)		(324)		
NARA-Storage and Maintenance		3		
General Pricing Level Adjustment				
Rental payments to others		1		
Communications, utilities and miscellaneous charges		5		
Other services		49		
Supplies and materials		5		
Equipment		8		
Subtotal, other cost changes			0	2,406
Less Amount Absorbed			0	(917)
TOTAL, ADJUSTMENTS TO BASE			0	2,168
2000 Base			509	50,658
Program Changes			44	4,465
2000 APPROPRIATION			553	55,123

Comparison by Activity

	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
DIRECT OBLIGATIONS	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
Bureau of Economic Analysis	451	$44,176	451	$44,967	495	$49,432	44	$4,465
Policy Support	58	5,829	58	5,691	58	5,691	0	0
TOTAL DIRECT OBLIGATIONS	509	50,005	509	50,658	553	55,123	44	4,465
REIMBURSABLE OBLIGATIONS	34	2,190	34	2,445	34	2,445	0	0
TOTAL OBLIGATIONS	543	52,195	543	53,103	587	57,568	44	4,465
FINANCING								
Unobligated balance, start of year		(1,515)						
Offsetting collections from:								
Federal funds	(28)	(1,840)			(28)	(1,770)		
Non-Federal sources	(6)	(350)			(6)	(675)		
Subtotal, financing	0	(3,705)			0	(2,445)		
TOTAL BUDGET AUTHORITY	509	48,490			553	55,123		

Highlights of Program Changes

	Base		Increase / Decrease	
	Permanent Positions	Amount	Permanent Positions	Amount
Bureau of Economic Analysis and Policy Support	509	$50,658	+44	+$4,465

Enhancing the Nation's Statistical Infrastructure: The discrepancy between our product-side (GDP) and income-side (Gross Domestic Income) measures makes it difficult to assess the Nation's level of productivity and whether the economic expansion can be sustained without renewing inflationary pressures. The Secretary's Initiative to enhance the Nation's Statistical Infrastructure is a small but critical part of the FY 2000 Commerce budget. An increase of $4.5 million is requested for FY 2000 to support improvements in the Bureau of Economic Analysis' economic accounts. This initiative will allow BEA to resolve a wide range of significant concerns about our key economic data (44 pos.; +$3,127) and continue to modernize BEA's computers system (+0 pos.; +$1,338).

Maintaining and Improving BEA's Economic Accounts: BEA will continue to work to increase the accuracy of the GDP and other economic accounts. Key projects include resolving the persistent "statistical discrepancy" between economic growth as measured by the output accounts and by the income accounts, treating expenditures on computer software as capital investment, developing more accurate estimates of the growth in output and productivity for financial services and insurance, and expanding the coverage of international trade in volatile and rapidly growing services.

Enhanced BEA's Information Technology Architecture: BEA has made great strides in expanding and modernizing its information technology system by retiring its aging mainframe computer and migrating all applications to its upgraded local area network; however, there is still much re-engineering that remains to be done. It is necessary for BEA to develop analytical tools that take full advantage of the new system's capabilities. With these new tools, BEA could significantly increase the accuracy, timeliness, comprehensiveness, and accessability of its data.

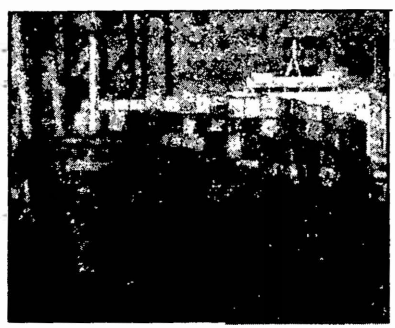
INTERNATIONAL TRADE ADMINISTRATION

The International Trade Administration (ITA) strives to increase the competitiveness of U.S. businesses in the world economy by promoting U.S. exports, fighting unfair foreign trade barriers, and negotiating and implementing multilateral and bilateral trade agreements. ITA's objectives are accomplished through the following five program areas:

Trade Development (TD) is the home of the Advocacy Center and the Department's advocacy program on behalf of U.S. industry in the global competition for overseas contracts. Through such programs as the Trade Information Center (1-800-USA TRADE), TD uses its unique industry sector expertise to counsel American businesses and promote trade. TD is responsible for negotiating and enforcing industry sector trade agreements such as those on autos, textiles and aircraft.

Market Access and Compliance (MAC) identifies market access barriers and the means to overcome them, assists in the formulation of U.S. bilateral and multilateral trade policies to achieve greater market access, and provides counseling and assistance to U.S. businesses seeking access to markets in specific countries or regions. Through the Trade Compliance Center (TCC), ITA systematically monitors, investigates, and evaluates foreign compliance with multilateral, bilateral, and other international trade agreements.

Import Administration (IA) defends American firms from injurious practices by administering the U.S. antidumping and countervailing duty laws in a manner consistent with U.S. international obligations.



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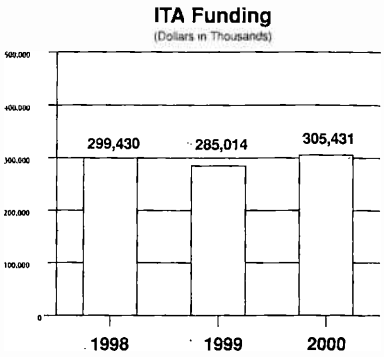


The United States and Foreign Commercial Service (US&FCS) provides export counseling and export promotion services to U.S. businesses through a network of offices in 47 states, Puerto Rico and 84 foreign countries. The US&FCS develops and distributes information products and conducts trade shows and trade fairs overseas.

Administration and Executive Direction provides policy leadership and administrative services for ITA's four other subdivisions, including office automation and information technology support systems, human resources services, financial management, and general administrative assistance.

For FY 2000, ITA's budget supports the following four Secretarial Initiatives:

Statistical Infrastructure - ITA will continue to provide American businesses, governmental units, and the general public with statistical information necessary to improve their ability to export. In FY 2000, ITA will expand its trade statistics effort by strengthening tourism industry statistics.

Broadening Trade - ITA will increase its efforts to assist U.S. firms to become exporters, aid exporters in entering new

markets or increase exports in established markets, protect U.S. firms from unfair foreign competition, and ensure that American firms reap the benefits of approximately 250 international trade agreements. In FY 2000, ITA will: further aid U.S. firms to enter selected emerging markets such in sub-Sahara Africa and Latin America; expand the United States and Foreign Commercial Service's presence in the Asia/Pacific region; aggressively enforce the Nation's trade compliance agreements, enhance market access programs, with emphasis on implementing the Uruguay Round Agreements Act and defending U.S. AD/CVD decisions when challenged through the WTO dispute settlement process by foreign interests; improve efforts in the area of worldwide standards development; and enhance efforts in trade education and outreach.

Digital Department - Efforts within this Secretarial Initiative include automation of information and services for exporters and potential exporters, and electronic commerce expansion. In FY 2000, ITA will greatly expand its use of electronic commerce methodologies to improve service delivery and better assist small and medium-sized enterprises to use electronic commerce to increase exports. Additionally, ITA will assist exporters by bringing the U.S. Government's tariff/taxes and customs information services for exporters up-to-date and on par with those offered by the European Commission to European exporters.

Clean Financial Audits - ITA will continue to move forward in its efforts to attain a clean financial audit. In FY 2000, ITA intends to be fully up and running on new personal property and accounting systems which will greatly enhance its ability to obtain an unqualified opinion.

For FY 2000, ITA has identified a series of performance measures which can be used to assess the impact of its program activities. This list of measures focuses on ITA's priority programs and is not intended to cover every dollar in ITA's budget. In addition, the list of measures can be expected to evolve over time, as ITA, its programs, the Department of Commerce, and the Federal Government as a whole continue to refine and enhance their capacity to develop performance measures, to use performance measurement as a key management tool, and fully implement the GPRA. Most measures cut across ITA organizational lines, and thus the list contains mostly functional (rather than organizational) activities. A more detailed presentation of goals, objectives, and performance measures is found in the Department's Annual Performance Plan and ITA's budget justification.

Measures and Targets Summary

Goal	Measure	Target
Enforce U.S. trade laws and agreements to promote free and fair trade	Dollar Value of Market Openings	38% increase over FY 1999
Increase the number of small business exporters	New-to-Export Firms	3% increase over FY 1999
Implement the President's National Export Strategy in conjunction with the Trade Promotion Coordinating Committee (TPCC)	New-to-Market Firms	3% increase over FY 1999
	Counseling Sessions	1% increase over FY 1999
Strengthen and institutionalize ITA's trade promotion and trade advocacy efforts	Dollar Value of Gross Exports Supported	5% increase over FY 1999

SUMMARY OF APPROPRIATIONS

(Dollars in Thousands)

Funding Levels

Appropriation, Gross	1998	1999	2000 Estimate	Increase (Decrease)
Operations and Administration	$283,066	$284,664	$308,431	$22,167
Anticipated fee collections	0	(1,600)	(3,000)	(1,400)
Transfer of Y2K funds from GA		350	0	(350)
ICASS Transfer from State Dept. (P.L. 105-119)	6,879	0	0	0
Transfer from AID (P.L. 87-95)	9,635	0	0	0
Transfer to AID (P.L. 87-95)	(150)	0	0	0
TOTAL BUDGET AUTHORITY	299,430	285,014	305,431	20,417
PERMANENT POSITIONS				
Operations and Administration	2,464	2518	2654	136
Reimbursable	20	30	30	0
Total	2,484	2,548	2,684	136

HIGHLIGHTS OF BUDGET CHANGES

APPROPRIATION: Operations and Administration

Summary of Requirements

	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted			2,518	$285,014
Adjustments to Base				
Adjustments:				
Non-recurring items				
Anticipated fee collection				(1,400)
Restoration for FSN Voluntary Trust Fund				10,493
Restoration of Carryover				6,000
Grants				(10,755)
Y2 K Funds				(350)
Other Changes				
1999 Pay raise	0	$1,083		
2000 Pay raise	0	4,073		
Payment to the Working Capital Fund	0	255		
Full year cost in FY 2000 of positions financed in FY 1999	0	903		
Within-grade step increases	0	1,059		
Civil Service Retirement System(CSRS)	0	(138)		
Federal Employees' Retirement System(FERS)	0	150		
Thrift Savings Plan	0	23		
Federal Insurance Contributions Act (FICA) -OASDI	0	127		
Health insurance	0	280		
Employees' Compensation Fund	0	255		
Rent payments to GSA	0	368		
Postage	0	55		
FTS	0	32		
Printing and reproduction	0	60		
Other services:				
Working Capital Fund	0	2,931		
Commerce Administrative Management System (CAMS)	0	(1,280)		
NARA Storage and Maintenance	0	17		
Overseas wage increases	0	736		
Overseas price increases	0	250		
General Pricing Level Adjustment	0	560		
Subtotal, other cost changes			0	11,799
Less Amount Absorbed			0	(19,304)
TOTAL, ADJUSTMENTS TO BASE			0	(3,517)
2000 Base			2,518	281,497
Program Changes			136	23,934
2000 NET APPROPRIATION			2,654	305,431
Anticipated Fee Collection			0	3,000
2000 GROSS APPROPRIATION			2,654	308,431

Comparison by Activity

	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
DIRECT OBLIGATIONS	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
Trade Development	445	$59,990	445	$47,432	462	$50,432	17	$3,000
Market Access and Compliance	197	25,267	197	18,149	224	22,549	27	4,400
Import Administration	344	31,327	344	31,420	368	33,154	24	1,734
U.S. & Foreign Commercial Service	1,389	181,690	1,389	169,398	1,457	183,198	68	13,800
Administration	143	13,328	143	15,098	143	16,098	0	1,000
TOTAL DIRECT OBLIGATIONS	2,518	311,622	2,518	281,497	2,654	305,431	136	23,934
REIMBURSABLE OBLIGATIONS	30	27,600	30	29,000	30	29,000	0	0
TOTAL OBLIGATIONS	2,548	339,222	2,548	310,497	2,684	334,431	136	23,934
FINANCING								
Unobligated balance, start of year		(16,115)				0		
Unobligated balance, transferred		(10,493)				0		
Offsetting collections from:								
Federal funds		0				0		
Non-Federal sources	(30)	(27,600)			(30)	(29,000)		
Subtotal, financing	(30)	(54,208)			(30)	(29,000)		
TOTAL BUDGET AUTHORITY	2,518	285,014			2,654	305,431		
Transferred from other accounts		(350)						
NET APPROPRIATION	2,518	284,864			2,654	305,431		
Anticipated Fee Collections		1,600			0	3,000		
GROSS APPROPRIATION	2,518	286,264			2,654	308,431		

Highlights of Program Changes

	Base		Increase / Decrease	
	Permanent Positions	Amount	Permanent Positions	Amount
Trade Development	445	$47,432	+17	+$3,000

TD will improve the collection of travel and tourism statistics by enhancing the In-Flight Survey of International Air Travelers, and assisting in developing a permanent set of accounts for the Nation's Travel and Tourism Satellite Accounts (0 pos.; +$500). Working with NIST, PTO and the Office of General Counsel's Commercial Law Development, TD will institute training programs in emerging economies on intellectual property rights, measurements, standards, financial services and commercial law (+13 pos.; +$2,000). TD will assist exporters by bringing the U.S. Government's tariff/taxes and customs information up to date and on-line so that information services will be on par with the those offered by the European Commission to European exporters (+4 pos.; +$500).

Market Access and Compliance	197	18,149	+27	+4,400

To ensure that market access problems are quickly addressed, MAC will establish a mobile "strike force" team to work directly with embassy staff in countries with the most egregious trade barriers (+12 pos.; +$2,700). MAC will enhance compliance and monitoring of approximately 250 bilateral, regional and multilateral trade agreements to ensure that American businesses, especially small and medium-sized enterprises, reap the benefits of these agreements (+15 pos.; +$1,700).

Import Administration	344	31,420	+24	+1,734

This increase allows ITA to vigorously implement the Uruguay Round Agreements Act subsidies enforcement activities to address foreign subsides affecting U.S. firms in foreign markets (13 pos.; $1,100). Funding also allows IA to respond to dispute settlement challenges brought before the World Trade Organization (WTO) (+11 pos.; +$634).

United States Foreign & Commercial Service	1,389	169,398	+68	+13,800

US&FCS will broaden trade opportunities and capitalize on the long term potential of under-served markets by selectively expanding overseas offices in Africa (+24 pos.; +$4,200), Latin America (+16 pos.; +$2,000), and Asia (+20 pos.; +$4,600). Early entrance into these markets will place ITA in a pivotal position to ensure that the developing commercial infrastructure in these markets is favorable to trade. To reduce trade barriers, influence international standards, and level the playing field for U.S. sales and exports, ITA will establish new standards attaches in Russia, China and South Africa (+6 pos.; +$1,000). ITA's U.S. Export Assistance Centers and NIST's Manufacturing Extension Partnership (MEP) will establish formal links and draw on each other's expertise to help small manufacturing firms understand foreign market opportunities and requirements for market entry (+2 pos.; +$2,000).

Executive Direction/Administration	143	15,098	0	+1,000

ITA will implement the Department of the Interior's Federal Financial System and ensure that ITA financial data are recorded in accordance with financial management requirements of the Chief Financial Officers (CFO) Act. ITA will also assure that personal property is inventoried and recorded in accordance with the CFO Act.(0 pos.; +$1,000).

Reimbursable ITA Fee Proposal

ITA proposes to raise $3.0 million in additional fees above the FY 1998 level of which $1.6 million was increased in FY 1999 and $1.4 million will be increased in FY 2000.

BUREAU OF EXPORT ADMINISTRATION

The Bureau of Export Administration (BXA) enforces U.S. export controls relating to national security, foreign policy and short supply. BXA prevents the export of goods and technologies controlled by the U.S. or multilateral regimes that may harm our national security by exacerbating the proliferation of weapons of mass destruction or the systems that deliver them. By administering an understandable, accessible and timely export control process, BXA facilitates the development of new products and technologies, and helps maintain and advance America's leadership in an increasingly competitive global economy.

BXA's principal activities include:

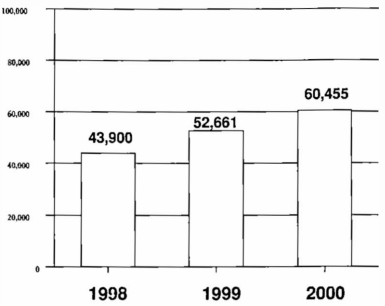
- Implementing the Export Administration Act (EAA). The EAA, which has expired and needs to be re-authorized, provides for export controls on dual-use goods and technology to fight proliferation and to pursue other national security, short supply, and foreign policy goals (such as combating terrorism). In response to the growing threat of proliferation of weapons of mass destruction by "pariah" nations and the evolution of the export licensing system towards individual end users, BXA has strengthened its export enforcement staff. The EAA is enforced through a variety of administrative, civil, and criminal sanctions. Simplifying and updating export controls in light of the end of the Cold War has been, and remains, a major goal of this Administration.

- Enforcing the export control and anti-boycott provisions of the EAA. In addition, ensuring compliance with treaties imposing requirements on U.S. industry. The most important such treaty is the Chemical Weapons Convention (CWC), which gives BXA new inspection, law enforcement and outreach responsibilities. BXA plays a critical role in administering the new and complex declarations processing functions and the oversight of on-site inspections to ensure that confidential business information is not jeopardized as a result of CWC implementation.

- Managing the Critical Infrastructure Assurance Office (CIAO). On May 22, 1998, the President signed Presidential Decision Directive 63, Critical Infrastructure Protection, calling for a national effort to assure the security of the increasingly vulnerable interconnected national infrastructure, including telecommunications, banking, finance, energy, transportation and essential government services. The CIAO provides support to the National Coordinator's work with government agencies and the private sector in developing a plan to reduce the infrastructure's exposure to attack, to respond, and to recover in the event of an attack.

BXA Funding

(Dollars in Thousands)



- Analyzing and protecting the defense industrial and technology base, pursuant to the Defense Production Act and other laws. As the Defense Department increases its reliance on dual use high technology goods as part of its cost-cutting efforts, ensuring that we remain competitive in those sectors and sub-sectors is critical to our national security.

- Helping Newly Independent States and emerging economies develop effective export control systems. The effectiveness of U.S. export controls can be severely undercut if other supplier nations export sensitive goods and technology or permit diversion of our exports to other nations.

BXA's two principal operating units, Export Administration (EA) and Export Enforcement (EE), as well as its Office of Administration, have been reorganized and downsized in recent years to implement the National Performance Review (NPR) and the Trade Promotion Coordinating Committee's (TPCC) recommendation to reform and streamline the export control system.

Performance Measures

BXA supports the Secretarial Broadening Trade Initiative. BXA continues to support important government-wide actions to strengthen multilateral regimes and remove unnecessary obstacles to exporting without jeopardizing national security. BXA also helps small and medium-sized enterprises increase exports by helping them to understand export control requirements through education and outreach. For FY 2000, BXA has identified a series of performance measures which can be used to assess the impact of its program activities. This list of measures focuses on BXA's priority programs and is not intended to cover every dollar in BXA's budget. The list of measures can be expected to evolve over time, as BXA and its programs, the Department of Commerce, and the Federal Government as a whole, continue to refine and enhance their capacity to develop performance measures, to use performance measurement as a key management tool, and implement the GPRA. A more detailed presentation of goals, objectives, and performance measures is found in the Department's Annual Performance Plan and BXA's budget justification.

Measures and Targets Summary

Goal	Measure	Target
Restructure export controls for the 21st century	High risk transactions deterred (#)	508
	Licensing decisions (#)	12,000
	Average processing time for license applications (days)	33
	Export assistance seminars/conferences (#)	204
	Nonproliferation and export control international cooperative exchanges (#)	30
Maintain a fully effective law enforcement program and protect U.S. national security, foreign policy, nonproliferation of dual-use commodities and chemical weapons, counter-terrorism and public policy	Enforcement outreach visits (#)	900
	Investigations completed (#)	1,300
	Investigations accepted for criminal or administrative remedies (#)	80
	End-use visits conducted (#)	680
Facilitate transition of defense industries	Strategic industry analyses completed (#)	295

SUMMARY OF APPROPRIATIONS

(Dollars in Thousands)

Funding Levels

Appropriation	1998	1999	2000 Estimate	Increase (Decrease)
Operations and Administration	$43,900	$52,331	$60,455	$8,124
Transfer of Y2K Funds (P.L. 105-277)		330		(330)
TOTAL BUDGET AUTHORITY	43,900	52,661	60,455	7,794
PERMANENT POSITIONS				
Operations and Administration	364	464	487	23
Reimbursable	4	4	4	0
Total	368	468	491	23

HIGHLIGHTS OF BUDGET CHANGES

APPROPRIATION: Operations and Administration

Summary of Requirements

	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted			464	$52,661
Adjustments to Base				
Adjustments:				
Non-recurring Y2 K Funds				($ 330)
Other Changes				
1999 Pay raise		$240		
2000 Pay raise		932		
Payment to the Working Capital Fund		92		
Full year cost in 2000 of positions financed for part year in 1999		1,801		
Within-grade step increases		278		
Civil Service Retirement System (CSRS)		(169)		
Federal Employees' Retirement System (FERS)		351		
Thrift Savings Plan		38		
Federal Insurance Contributions Act (FICA) -OASDI		127		
Health Insurance		66		
Employees' Compensation Fund		6		
Rent payments to GSA		103		
Postage		11		
FTS		8		
Printing and reproduction		11		
Other services:				
Working Capital Fund		714		
NARA Storage and Maintenance		7		
General Pricing Level Adjustment		112		
Subtotal, other cost changes			0	4,728
Less Amount Absorbed			0	(1,146)
TOTAL, ADJUSTMENTS TO BASE			0	3,252
2000 Base			464	55,913
Program Changes			23	4,542
2000 APPROPRIATION			487	60,455

Comparison by Activity

	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
DIRECT OBLIGATIONS	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
Management & Policy Coordination	24	$3,476	24	$3,365	28	$5,407	4	$2,042
Export Administration	192	23,661	192	23,128	204	24,628	12	1,500
Export Enforcement	198	23,506	198	23,034	205	24,034	7	1,000
Critical Infrastructure	50	6,000	50	6,386	50	6,386	0	0
TOTAL DIRECT OBLIGATIONS	464	56,643	464	55,913	487	60,455	23	4,542
REIMBURSABLE OBLIGATIONS	4	4,000	4	4,000	4	4,000	0	0
TOTAL OBLIGATIONS	468	60,643	468	59,913	491	64,455	23	4,542
FINANCING								
Unobligated balance, start of year		(3,962)						
Offsetting collections from:								
Federal funds		(3,000)				(3,000)		
Non-Federal sources	(4)	(1,000)			(4)	(1,000)		
Subtotal, financing	(4)	(7,982)			(4)	(4,000)		
TOTAL BUDGET AUTHORITY	464	52,661			487	60,455		
Transfer from other accounts	0	(330)			0	0		
TOTAL APPROPRIATION	464	52,331			487	60,455		

Highlights of Program Changes

	Base		Increase / Decrease	
	Permanent Positions	Permanent Amount	Positions	Amount
Management and Policy Coordination	24	$3,365	+4	+$2,042

This increase supports the redesign and replacement of BXA's existing licensing system, the Export Control Automated Support System (ECASS). Designed in 1984, the system is obsolete and costly to maintain. Replacement of the system will allow BXA to function successfully in the 21st Century (+4 pos.; +$2,042).

Export Administration	192	23,128	+12	+1,500

An increase is requested to ensure that U.S. chemical and pharmaceutical firms comply with the Chemical Weapons Convention reporting and inspections requirements without losing confidential information in the process (+12 pos.; +$1,500).

Export Enforcement	198	23,034	+7	+1,000

An increase is requested to implement the National Defense Authorization Act of 1998 (NDAA). NDAA requires Export Enforcement to perform time-sensitive reviews of pre-export notifications and post shipment verifications on high performance computer exports to fifty countries to ensure that they are not diverted for military or proliferation-related purposes. China, India, Pakistan, Russia and Israel are among the nations being reviewed (+7 pos.; +$1,000).

MINORITY BUSINESS DEVELOPMENT AGENCY

The Minority Business Development Agency (MBDA) has the lead role in the Federal Government of coordinating all minority business programs. The Agency provides access to market and resource opportunities through a variety of direct and indirect business assistance services.

For FY 2000, MBDA will continue to define its program strategy through goals and objectives that promote job creation, economic growth and sustainable development for the growing minority business population in the United States. These goals are:

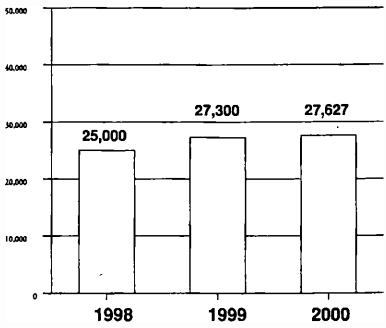
Goal 1: Improve opportunities for minority-owned businesses to gain access to the marketplace.

To accomplish this goal, MBDA will:

- provide electronic access to growth markets by automated matching of firm capabilities with public and private sector opportunities;
- promote and expand opportunities for minority-owned businesses in the global marketplace;
- assist minority-owned businesses to identify and commercialize new technologies that offer unique potential for business success;
- advocate and increase the use of electronic commerce by minority-owned businesses; and
- provide management and technical assistance resources electronically for use by local, state and non-profit organizations.

MBDA Funding

(Dollars in Thousands)



Goal 2: Improve opportunities for minority-owned businesses to pursue financing:

MBDA will:

- establish an electronic information clearinghouse of growth opportunities and business development resources for minority-owned businesses and those engaged in business development activities; and
- increase the availability of financial capital for firms expanding into new or growing markets.

The goals and objectives listed above support the Department's Mission Statement and Theme 1 of the Commerce Strategic Plan *(Build for the future and promote U.S. competitiveness in the global marketplace by strengthening and safeguarding the Nation's economic infrastructure).*

MBDA plans to use the Internet as a vehicle to establish an information clearinghouse and National referral center for minority-owned businesses of any size to access the network of public and private business development resources. The Agency will also expand the automated capabilities of matching firms with contracting opportunities.

MBDA will continue to use the Business Development Centers (BDCs), Native American Business Development Centers (NABDCs), and Minority Business Opportunity Committees (MBOCs) to provide management and technical assistance. The MBDCs are a crucial part of the Internet outreach program because the new Geographic Business Information System will be available through both the Internet and BDCs. The BDCs will provide more in-depth information and assistance. MBDA is not requesting increases in funding for the BDC network.

The performance indicators focus on measuring outputs that will guide the agency toward meeting the goals listed above. The performance measures will continue to evolve over time, as MBDA and its programs, the Department of Commerce, and the Federal Government as a whole, continue to refine and enhance their capacity to develop performance measures, to use performance measurement as a key management tool, and implement the GPRA. A more detailed presentation of goals, objectives, and performance measures is found in the Department's Annual Performance Plan and MBDA's budget justification.

Key indicators that demonstrate MBDA's ability to improve minority-owned business access to the marketplace and financing include:

Measures and Targets Summary

Goal	Measure	Target
Improve opportunities for minority-owned businesses to have access to the marketplace	Dollar value of contracts generated by assisted minority-owned businesses	$548m
Improve the opportunities for minority-owned businesses to pursue financing	Number of business loans received by assisted minority-owned businesses	858
	Dollar value of business loans to assisted minority-owned businesses	$475m

SUMMARY OF APPROPRIATIONS

(Dollars in Thousands)

Funding Levels

Appropriation	1998	1999	2000 Estimate	Increase (Decrease)
Minority Business Development	$25,000	$27,000	$27,627	$627
Transfer of Y2K Funds (P.L. 105-277)		300		(300)
TOTAL BUDGET AUTHORITY	25,000	27,300	27,627	327
PERMANENT POSITIONS				
Minority Business Development	133	133	133	0

HIGHLIGHTS OF BUDGET CHANGES

APPROPRIATION: Minority Business Development

Summary of Requirements

	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted			133	$27,300
Adjustments to Base				
Adjustment				
Non-recurring Y2K funds				(300)
Other Changes				
1999 Pay raise		$84		
2000 Pay raise		263		
Payment to the Working Capital Fund		28		
Within-grade step increases		26		
Civil Service Retirement System(CSRS)		4		
Federal Employees' Retirement System(FERS)		(5)		
Thrift Savings Plan		(1)		
Health Insurance		26		
Employees' Compensation Fund		(109)		
Travel		5		
Rent payments to GSA		41		
Postage		2		
FTS		4		
Printing and reproduction		3		
Other services:				
Working Capital Fund		314		
Commerce Administrative Management System (CAMS)		(14)		
NARA Storage and Maintenance		1		
General Pricing Level Adjustment		92		
Subtotal, other cost changes			0	764
Less Amount Absorbed			0	(438)
TOTAL, ADJUSTMENTS TO BASE			0	26
2000 Base			133	27,326
Program Changes			0	301
2000 APPROPRIATION			133	27,627

Comparison by Activity

	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
DIRECT OBLIGATIONS	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
Minority Business Development	133	$28,276	133	$27,326	133	$27,627	0	$301
TOTAL DIRECT OBLIGATIONS	133	28,276	133	27,326	133	27,627	0	301
REIMBURSABLE OBLIGATIONS		400		400		400	0	0
TOTAL OBLIGATIONS	133	28,676	133	27,726	133	28,027	0	301
FINANCING								
Unobligated balance, start of year		(976)						
Offsetting collections from:								
Federal funds		(400)				(400)		
Subtotal, financing	0	(1,376)			0	(400)		
TOTAL BUDGET AUTHORITY	133	27,300			133	27,627		
Transferred from other accounts	0	(300)			0	0		
TOTAL APPROPRIATION	133	27,000			133	27,627		

Highlights of Program Changes

	Base		Increase / Decrease	
	Permanent Positions	Amount	Permanent Positions	Amount
Minority Business Development	133	$27,326	+0	+$301

Business Geographic Information System

A program increase (+0 pos; +$250) is requested to allow MBDA to use Geographic Information System (GIS) software to deliver market information to minority firms via the Internet. The proposed GIS will link information and location in a geographic format. Any business with Internet access will be able to search for business development resources by selecting the type of resource needed and clicking on a map or typing in the zip code. The GIS will play an important part in maximizing the agency's limited resources.

Phoenix Database Expansion

A program increase (+0 pos; + $51) to expand the Phoenix database system. Established in FY 1998, the Phoenix database system matches minority-owned firms with opportunities to participate on contracts and procurements. Of the 45,000 companies in the MBDA primary database, 1,400 Phoenix companies have been matched with over 5,000 contract opportunities. As the database expands, so do the number of contract opportunities to be matched with businesses. MBDA seeks to have 70,000 companies registered in the database by the end of FY 2000.

UNITED STATES TRAVEL AND TOURISM ADMINISTRATION

The United States Travel and Tourism Administration (USTTA) was abolished during fiscal year 1996 due to severe budget cutbacks. The agency's critical tourism functions were transferred to the International Trade Administration (ITA).

The Department of Commerce is diligently working to settle all debts.

SUMMARY OF APPROPRIATIONS

(Dollars in Thousands)

Funding Levels

Appropriation	1998	1999	2000 Estimate	Increase (Decrease)
Salaries and Expenses	$0	$0	$0	$0
Rescission pursuant to 105-119	(3,000)	(915)	0	915
TOTAL BUDGET AUTHORITY	(3,000)	(915)	0	915
PERMANENT POSITIONS				
Salaries and Expenses	0	0	0	0

Summary of Requirements

	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted			0	$(915)
ADJUSTMENTS TO BASE			0	915
2000 Base			0	0
Program Changes			0	0
2000 APPROPRIATION			0	0

Comparison by Activity

	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
DIRECT OBLIGATIONS	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
TOTAL DIRECT OBLIGATIONS	0	$0	0	$0	0	$0	0	$0
FINANCING								
Unobligated balance, start of year		(945)				0		
Unobligated balance, end of year		30				0		
Subtotal, financing		(915)				0		
TOTAL BUDGET AUTHORITY	0	(915)			0	0		

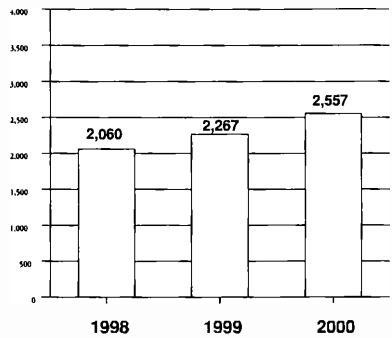
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

The budget for the National Oceanic and Atmospheric Administration (NOAA) is divided into two primary accounts, Operations, Research and Facilities (ORF), which consists of about 70% of NOAA's budget, and Procurement, Acquisition and Construction (PAC), comprising 25%. A newly-created account, the Pacific Coastal Salmon Recovery account, is established in FY 2000 under the authority of the Endangered Species Act to fund salmon conservation measures in the Pacific Northwest, mainly in the states of California, Oregon, Washington, and Alaska. Funding in this account represents about 4% of NOAA's budget. Several smaller accounts make up the remaining 1%.

NOAA's FY 2000 request in the PAC account expands the concept of an annual appropriation for incrementally funded capital projects to include advanced appropriations for entire projects, or divisible segments of larger ones. Requesting advanced appropriations for capital assets responds to the requirements of the Federal Acquisition Streamlining Act of 1994 and the Information Technology Management Reform Act of 1996 for multi-year PAC projects in the acquisition stage and is designed to account for the full Federal liability for procurement through advanced appropriations. Full funding of projects or divisible segments will improve the decision-making process by allowing managers to understand the full cost of project implementation when making funding decisions. Full funding will also improve NOAA's procurement process by allowing the achievement of cost efficiencies, it will ensure that the capital assets requested support the agency's core/primary mission and generate an acceptable minimum rate of return through a cost/benefit evaluation, and it will increase accountability.

NOAA Funding

(Dollars in Millions)

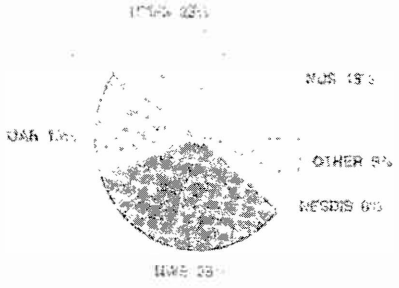


Operations, Research and Facilities Activities

National Ocean Service (NOS):

NOS provides for the management of ocean and coastal resources, particularly in the 200-mile Exclusive Economic Zone (EEZ), and for improvements in quality, quantity, geographic distribution and timeliness of ocean observations. Mapping and charting activities produce aeronautical and nautical charts and supporting documents which are compiled and sold to the public and other Federal agencies. Full responsibility for aeronautical charts will be transferred to the Department of Transportation in FY 2000. Understanding of the coastal environment is enhanced through the coastal science and the coastal zone management programs. NOS also acquires or establishes marine and estuarine sanctuaries of national significance.

NOAA Activities



National Marine Fisheries Service (NMFS):

NMFS manages fisheries within the 200-mile Exclusive Economic Zone (EEZ) to ensure the health of commercial and recreational fishery stocks. Fishery stocks are surveyed, catch data are collected, and research is conducted to understand better the variables affecting the abundance and variety of marine resources. Protection of endangered marine species and coastal and estuarine fishery habitats and enforcement of fishery regulations and seafood quality are also primary bureau activities. Full responsibility for seafood inspections will be transferred to the Department of Health and Human Services in FY 2000. Research is conducted in conjunction with states on interjurisdictional and anadromous fishery resources.

Oceanic and Atmospheric Research (OAR):

OAR provides the research and technology development necessary to improve NOAA weather services, solar-terrestrial forecasts and marine services. OAR provides the scientific basis for national policy decisions in areas such as climate change, air quality and stratospheric ozone depletion, and promotes economic growth through efforts in marine biotechnology and development of environmental observing technologies.

National Weather Service (NWS):

NWS provides weather and flood warnings and forecasts to the general public and other users. Weather satellites and staffed and automated stations on land and at sea gather meteorological observations of the atmosphere and the Earth's surface. Based on these observations, professional meteorologists prepare warnings and forecasts and disseminate them to the public.

National Environmental Satellite, Data and Information Service (NESDIS):

NESDIS provides for the operation of the polar-orbiting and geostationary operational environmental satellites, development of the converged polar-orbiting satellite series with the Department of Defense and NASA, as well as management of NOAA's environmental data collections. The polar and geostationary satellites provide meteorological data to the National Weather Service for use in developing warnings and forecasts. Environmental data and information are collected from NOAA and other sources, disseminated and archived for future use.

Program Support (PS):

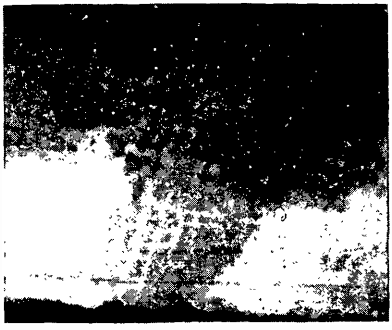
Program Support includes Executive Direction and Central Administrative Support through which NOAA provides centralized management concerning NOAA policy and planning objectives, individual program operations, legal counsel, Congressional relations and public affairs. NOAA also provides management services to NOAA/DOC field offices through the regional Administrative Support Centers. In addition, the Program Support activity includes the operation of NOAA's fleet of research aircraft.

Facilities:

The Facilities activity provides for the maintenance, repair and minor modification to existing NOAA-wide facilities, facilities planning and design, and environmental compliance.

Fleet Maintenance and Planning:

This activity provides for the repair and maintenance of the NOAA fleet of research vessels, including procurement of ship-related equipment, and planning for the modernization of the NOAA fleet.



Other NOAA Accounts:

The Coastal Zone Management Fund was established under the Omnibus Budget Reconciliation Act of 1990 (P.L. 101-158, Sec. 6201-6216) to receive repayments from the coastal energy impact program. These payments are used for CZM programs and administration as authorized by section 308 of the Coastal Zone Management Act (CZMA), and will offset CZM administration costs in the ORF account.

The Fishermen's Contingency Fund is used to compensate domestic fishermen for the damage or loss of fishing gear and resulting economic loss due to obstructions related to oil and gas exploration, development or production in the Outer Continental Shelf. The funds are derived from fees collected annually by the Secretary of the Interior from the holders of leases, explorations, permits, easements, and rights of way.

The Foreign Fishing Observer Fund provides observer coverage of foreign fishing activities within the 200-mile EEZ. The fund is financed by fees collected from foreign governments with fishing vessels within the exclusive fishery jurisdiction of the U.S. The fund is used to pay salaries, administrative costs, data entry and other expenses associated with the placement of observers aboard foreign fishing vessels.

The Promote and Develop Fishery Products & Research Pertaining to American Fisheries Fund receives 30 percent of the import duties the Department of Agriculture collects on fishery-related products. A portion of these funds is used to offset marine fishery resource programs in the "Operations, Research and Facilities" appropriation in FY 2000. The remainder of the funds is used to promote industry development through competitively-awarded external grants for innovative research and development of projects in the fishing industry and for internal research that complements the external program.

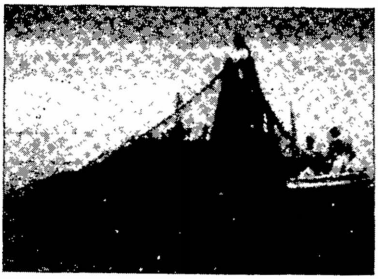
The Fisheries Finance Program Account (formerly Fishing Vessel Obligation Guarantee Fund) is used by fishermen to refinance existing debt, obtain loans to renovate and repair existing vessels, and facilities, and to construct new processing plants for underutilized species, acquaculture, and waste reduction. Vessel loans do not increase over-capitalization in the fishing industry; they either reduce fishing capacity or are capacity neutral. The re-authorization of the Magnuson-Stevens Fisheries Conservation and Management Act in October 1996 changed the program to provide direct loans rather than loan guarantees previously made under the Fishing Vessel Obligation Guarantee appropriation.

The Pacific Coastal Salmon Recovery Account is established in FY 2000 to fund a new Pacific Coastal Salmon Recovery initiative for the purpose of sharing the costs of state, local, and tribal salmon conservation initiatives. Utilization of this fund will support NOAA's contribution to a broad

interdepartmental initiative bolstering Federal capabilities to assist in the conservation of at-risk salmon runs in the western states of California, Washington, Oregon and Alaska. Grants will be matched dollar for dollar with non-Federal contributions. The fund will be established under the Secretary of Commerce's existing authorities under the Endangered Species Act, and will be made available through agreements with the Governors of each state for distribution to state, local and tribal efforts. The Secretary will also establish terms and conditions to ensure effective use of the funds as well as specific reporting requirements to ensure full accountability by users of the fund.

The Damage Assessment and Restoration Revolving Fund (DARRF) receives proceeds from claims against responsible parties as determined through court settlements or agreements for both damage assessment and restoration costs. In FY 1999 and prior, funds were transferred to the Operations, Research and Facilities account for purposes of damage assessment and restoration. Beginning in FY 2000, funds will be expended in the DARRF and treated as mandatory budget authority.

The Procurement, Acquisition and Construction (PAC) account, established in FY 1998 as an annual appropriation, includes costs associated with the acquisition of NOAA's major capital assets. In FY 2000, NOAA is requesting advanced funding in annual increments for its multi-year capital projects. The requirement for full funding of multi-year capital projects through advanced annual appropriations is



designed to ensure that agencies account for the entire Federal liability for a given project, and/or divisible segment. Full funding is supported by the Administration as part of an on-going attempt to improve cost and performance of agency procurements. Included in this account are three activities: "Systems Acquisition" which contains projects associated with modernizing NOAA's weather services, including satellite procurements; "Construction" which contains projects involving new construction, or major modification of existing facilities; and "Fleet Modernization" which contains funding to support modernization of NOAA's fleet of research vessels either through new construction, major modification to existing vessels, or acquisition of capacity from third parties.

Performance Measures

For FY 2000, NOAA has identified a series of performance measures which can be used to assess the effectiveness of its program activities. This list of measures focuses on NOAA's priority programs and program goals and can be expected to evolve over time as NOAA, the Department, and the Administration continue to refine and develop effective performance measures to use them as a key management tool, and to implement the Government Performance and Results Act.

NOAA contributes to all three Departmental Strategic Themes. NOAA's goals under Economic Infrastructure include promotion of safe navigation and advancement of short-term weather warnings and forecasts. NOAA's goals under Science/Technology/Information include climate forecasting and predicting climate change. Under the Resources/Assets Management/Stewardship Theme, NOAA's goals include building sustainable fisheries, recovering protected species and sustaining healthy coasts.

To track progress in the implementation of NOAA's Strategic Plan for 1995 - 2005, the following performance measures were developed for each of the seven goals that make up the components of this plan. These measures are among the more important ones used by NOAA to track progress in meeting its goals and objectives.

Measures and Targets Summary

Goal	Measure	Target
Advance Short-Term Warning and Forecast Services	Increase lead time (minutes) and accuracy (%) for severe weather warnings for Tornadoes	12 min 70% accuracy
	Increase lead time (minutes) and accuracy (%) for severe weather warnings for Flash Floods	46 min 86% accuracy
	Increase lead time (minutes) and accuracy (%) for severe weather warnings for severe Thunderstorms	20 min 85% accuracy
	Increase accuracy (km/mi) of warnings within 24 hours of Hurricane landfall	130km/ 81 mi
	Increase lead time (days in advance) for successfully forecasting one inch of precipitation	2.4 days
	Increase accuracy (%) of correct forecasts for heavy Snowfall	60%
	Increase the accuracy (in degrees F) of Temperatures averaged for all forecasts periods and cycles	Correct: 87% Freezing: 80%

Goal	Measure	Target
Implement Seasonal to Interannual Climate Forecasts	ENSO Forecasts - Accuracy (correlation)	0.85
	U.S. temperature - skill score	20
	New and improved data sets developed and produced (number per year)	6
	Global Ocean-Atmosphere-Land System (GOALS) experiments implemented (%)	25%
Predict and Assess Decadal to Centennial Change	Document the "turnover" of CFC source gases (whose atmospheric abundance is expected to begin decreasing in 1998) in order to verify the effectiveness of global policy actions	N/A
	Publish updated trend results of air quality measurements	N/A
	Lead development of peer-reviewed initial assessment of regional ozone in North America, including summarizing results for customers	N/A
Promote Save Navigation	Number of Physical Oceanographic Real-Time Telemetry Systems (PORTS) in place to provide quality-assured data in real-time for safe navigation	7
	Percent reduction in the backlog (square nautical miles) of hydrographic surveys for critical areas (cumulative)	22.5%
Build Sustainable Fisheries	By 2004, 50% fewer overfished fisheries (currently 86 of 286 stocks are overfished. This would be reduced to 43)	0%
	By 2004, 60% of stocks have sufficient essential fish habitat	50%
	By 2004, 10% increase in employment in non-capture fishing and other sectors in fishing communities	0%
	By 2004, 20% increase in economic contribution of aquaculture to Gross Domestic Product (GDP)	4%
Recover Protected Species	Number of recovery plans developed (cumulative)	27
	Number of recovery plans priority activities implemented (annual)	20
	Number of species with status improved (annual)	16

Goal	Measure	Target
	Measure human-induced and other sources mortality (annual)	15
	Cooperative conservation programs implemented (cumulative)	10
Sustain Healthy Coasts	Number of U.S. coastal regions with reduced introductions and impacts of nonindigenous species (total of 6 regions)	1
	Percent of U.S. coastline with threats to habitat assessed and ranked	20%
	Number of acres of coastal habitat restored (cumulative)	88,000
	Percent state coastal nonpoint pollution control programs approved (% of 35 coastal states)	86%
	Number of U.S. coastal regions with systems to predict and reduce impacts of harmful algal blooms (total of 6)	1
	Percent of U.S. shoreline and inland areas with improved ability to identify extent and severity of coastal hazards	20%

SUMMARY OF APPROPRIATIONS

(Dollars in Thousands)

Appropriation	1998	1999	2000 Estimate	Increase (Decrease)
Operations, Research & Facilities (ORF)	$1,498,550	$1,579,844	$1,738,911	$159,067
Rescission of unobligated balances (ORF)	0	0	(3,400)	(3,400)
Procurement, Acquisition & Construction (PAC)	491,609	584,677	630,578	45,901
Coastal Zone Management Fund	7,212	4,000	4,000	0
Fishermen's Contingency Fund	194	953	953	0
Foreign Fishing Observer Fund	154	189	189	0
Federal Ship Financing Fund	0	0	0	0
Pacific Coastal Salmon Recovery	0	0	100,000	100,000
Fisheries Promotional Fund (rescission)	0	0	(1,186)	(1,186)
Fisheries Finance Program	338	28,338	10,258	(18,080)
TOTAL APPROPRIATION	1,998,057	2,198,001	2,480,303	282,302
Transfers:				
Operations, Research & Facilities				
FROM: Promote & Develop Fishery Products	62,381	63,381	64,926	1,545
Disaster Research & Prevention (USDA)	0	7,000	0	(7,000)
Damage Assessment & Restoration Rev. Fund	1,162	1,500	0	(1,500)
Coastal Zone Management Fund	0	0	4,000	4,000
Agency for International Development	75	0	0	0
To: General Administration	(1,000)	0	0	0
Subtotal, ORF	62,618	71,881	68,926	(2,955)
Coastal Zone Management Fund				
TO: ORF	0	0	(4,000)	(4,000)
Promote & Develop Fishery Products (P&D)				
TO: ORF	(62,381)	(63,381)	(64,926)	(1,545)
FROM: Department of Agriculture	65,734	66,426	66,426	0
Subtotal, P&D	3,353	3,045	1,500	(1,545)
Damage Assessment & Restoration Revolving Fund				
TO: ORF	(1,162)	(1,500)	0	1,500
FROM: Department of Interior	0	0	0	0
Subtotal, DARRF	(1,162)	(1,500)	0	1,500
TOTAL TRANSFERS	64,809	73,426	66,426	(7,000)

Appropriation	1998	1999	2000 Estimate	Increase (Decrease)
Permanent Appropriation per Federal Credit Reform Act (P.L. 105-33)	700	0	0	0
CZMF mandatory offsetting collections	(3,115)	(4,000)	(4,000)	0
NOAA Corps Retirement Pay	[8,000]	[7,000]	13,900	13,900
TOTAL BUDGET AUTHORITY	2,060,451	2,267,427	2,556,629	289,202
Mandatory Funds	63,319	62,426	76,326	13,900
DISCRETIONARY BUDGET AUTHORITY	1,997,132	2,205,001	2,480,303	275,302
PROPOSED SUPPLEMENTAL				
Northeast multispecies fishery:				
ORF account	0	1,880	0	(1,880)
Fisheries Finance Program account	0	3,120	0	(3,120)
PROPOSAL FOR LATER TRANSMITTAL				
Navigation & Magnuson Fees Authorization	0	0	(34,000)	(34,000)
DISCRETIONARY BUDGET AUTHORITY Including Supplemental & Fees	1,997,132	2,210,001	2,446,303	236,302

SUMMARY OF POSITIONS

	1998	1999	2000 Estimate	Increase (Decrease)
Operations, Research & Facilities (ORF)	11,609	11,903	12,183	280
ORF Reimbursable	1,290	725	611	(114)
Procurement, Acquisition & Construction (PAC)	239	185	162	(23)
Coastal Zone Management Fund	51	51	0	(51)
Promote and Develop Fishery Products	5	5	5	0
Fisheries Finance Program	0	0	24	24
Fishermen's Contingency Fund	1	1	1	0
TOTAL	13,195	12,870	12,986	116

HIGHLIGHTS OF BUDGET CHANGES
(By Appropriation)

APPROPRIATION: Operations, Research & Facilities

Summary of Requirements

	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted			11,903	$1,579,844
Transfers				
Interbureau transfer	0	$70,381		
Intrabureau transfer	0	1,500		
Total, Transfers			0	71,881
Adjustments to Base:				
Restoration of FY 1999 Deobligation Offset			0	33,000
Adjustments				
Damage Assessment and Restoration Revolving Fund - spend in fund			0	(1,500)
Transfer funding from ORF to PAC for NWS systems			0	(6,600)
Transfer funding from CZMF to ORF			51	4,000
Non-recurring item: FY 1999 Supplemental			0	(7,000)
NOAA Corps Retirement Pay			0	6,900
Other Cost Changes				
1999 Pay raise		6,045		
2000 Pay raise		23,115		
Within-grade step increases		7,395		
Civil Service Retirement System (CSRS)		(1,260)		
Federal Employees' Retirement System (FERS)		1,631		
Thrift Savings Plan		296		
Federal Insurance Contributions Act (FICA) - OASDI		961		
Health Insurance		1,764		
Employees' Compensation Fund		233		
Travel: Per Diem		616		
Transportation of things		107		
Rent payments to GSA		1,355		
Rent payments to others		126		
Communications, utilities & misc.		246		
Postage		117		
FTS		460		
Printing and reproduction		184		
Other services:				
Commerce Administrative Management System (CAMS)		9,000		
Other services		2,480		
HBCU		1,000		
Supplies and materials		727		
Equipment		776		
Grants		338		
Subtotal, other cost changes			0	57,712
Less Amount Absorbed			0	(17,824)

	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
TOTAL, ADJUSTMENTS TO BASE			51	68,688
2000 Base			11,954	1,720,413
Program Changes			229	130,924
TOTAL REQUIREMENTS			12,183	1,851,337
Unobligated Balances Made Available for Obligation				3,400
NOAA Corps Retirement Pay to Mandatory				(13,900)
Recoveries from prior year obligations				(33,000)
Transfers:				
From Promote and Develop American fisheries				(64,926)
From Coastal Zone Management Fund				(4,000)
From Damage Assessment & Restoration Revolving Fund				0
2000 APPROPRIATION			12,183	1,738,911
Rescission of Unobligated Balances				(3,400)
Proposal for Later Transmittal:				
Navigation & Magnuson Fees Authorization				(34,000)
TOTAL APPROPRIATION WITH FEES			12,183	1,701,511

Comparison by Activity

	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
DIRECT OBLIGATIONS	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
National Ocean Service	1,294	$254,107	1,405	$260,503	1,474	$328,543	69	$68,040
National Marine Fisheries Service	2,712	382,550	2,712	386,784	2,956	420,432	244	33,648
Oceanic & Atmospheric Research	1,005	287,410	945	281,883	945	282,570	0	687
National Weather Service	4,853	560,705	4,853	577,095	4,764	617,897	(89)	40,802
National Environmental Satellite, Data & Information Service	796	109,935	796	111,224	796	103,092	0	(8,132)
Program Support	1,216	69,250	1,216	73,537	1,221	73,887	5	350
Fleet Maintenance & Planning	12	11,600	12	11,643	12	9,243	0	(2,400)
Facilities	15	13,265	15	3,844	15	9,829	0	5,985
Rent savings	0	0	0	0	0	(4,656)	0	(4,656)
NOAA Corps retirement pay (mandatory)	0	0	0	13,900	0	13,900	0	0
TOTAL DIRECT OBLIGATIONS	11,903	1,688,822	11,954	1,720,413	12,183	1,854,737	229	134,324
REIMBURSABLE OBLIGATIONS	725	229,400	611	195,767	611	195,767	0	0
Navigation & Magnuson Fee Collections	0	4,000	0	4,000	0	4,000	0	0
Offsetting collections (data sales)	0	3,600	0	3,600	0	3,600	0	0
TOTAL OBLIGATIONS	12,628	1,925,822	12,565	1,923,780	12,794	2,058,104	229	134,324
FINANCING	(725)	(274,097)	(611)	(236,367)	(611)	(236,367)	0	0
TOTAL BUDGET AUTHORITY (B.A.)	11,903	1,651,725	11,954	1,687,413	12,183	1,821,737	229	134,324
Transfers/Mandatory Funds	0	(71,881)	0	(81,281)	0	(82,826)	0	(1,545)
APPROPRIATION	11,903	1,579,844	11,954	1,606,132	12,183	1,738,911	229	132,779
Proposed Rescission of Unobligated Balances	0	0	0	0	0	(3,400)	0	(3,400)
TOTAL BUDGET AUTHORITY W/ RESCISSION	11,903	1,651,725	11,954	1,687,413	12,183	1,818,337	229	130,924
APPROPRIATION W/ RESCISSION	11,903	1,579,844	11,954	1,606,132	12,183	1,735,511	229	129,379
Proposed Supplemental:								
Northeast multispecies fishery		1,880					0	0
Proposal for Later Transmittal:								
Navigation & Magnuson Fees Authorization						(34,000)	0	(34,000)
TOTAL B.A. w/RESC., SUP., & FEES	11,903	1,653,605	11,954	1,687,413	12,183	1,784,337	229	96,924
APPROPRIATION w/RESC., SUP.& FEES	11,903	1,581,724	11,954	1,606,132	12,183	1,701,511	229	95,379

Highlights of Program Changes

	Base		Increase / Decrease	
	Positions	Amount	Positions	Amount
National Ocean Service (NOS)				
Navigation Services	630	$80,477	0	+$2,490

An increase is requested in Navigation Services to accelerate working down the backlog of nautical surveys through use of private sector contracts (0 pos.; +$900). To support National Ocean Conference initiatives, an increase is requested in Tides and Current Data for modernization efforts necessary to support the establishment of quality assurance of additional Physical Oceanographic Real-Time Stations (PORTS) through local partnerships. This increase will also support modernization of the National Water Level Observation Network stations (0 pos.; +$2,750). An increase is also requested in Mapping and Charting to maintain and enhance the modernization of the nautical charting database production processes (0 pos.; +$1,000) and in Geodesy to accelerate modernization of the vertical component of the National Spatial Reference System (0 pos.; +$500).

No funding is requested for the Joint Hydrographic Center (0 pos.; -$2,000); the stream quality monitoring project (0 pos.; -$160); or the South Carolina geodetic survey project (0 pos.; -$500).

Proposed for later transmittal, is a request for fee collections in conjunction with the U.S. Coast Guard for navigation services totaling $14.0 million which, if authorized, would offset NOAA's budget authority.

Ocean Resources Conservation and Assessment	428	84,450	+35	+15,200

An increase is requested in the base Oceanic & Coastal Research base program to support incremental operational costs at the new Charleston, S.C. marine environmental health research laboratory (0 pos.; +$500).

In the Ocean Assessment Program, an increase is requested for the Lands Legacy Initiative to support collaborative efforts with the U.S. Army Corps of Engineers to restore coastal habitats through the beneficial reuse of dredge spoil. NOAA staff would serve as the technical resource on restoration projects, advising on ways to address biological effects of contaminated sediments (+20 pos.; +$10,000). An increase is also requested for the Clean Water Initiative to facilitate early detection of pfiesteria and other harmful algal blooms (HABs) rapid response efforts for states, universities and communities (0 pos.; +$1,750). An increase is requested under the Natural Disaster Reduction Initiative to expand work with coastal states as they develop coastal risk atlases and to provide new remote sensing data in a more timely manner (0 pos.; +$1,000). To support National Oceans Conference initiatives, additional funds are requested to explore the last frontier by conducting an evaluation of the marine sanctuaries to determine the economic contributions that these resources provide to the environment and the economy (0 pos.; +$1,000) and to enhance research on the consequences of reef damage, reduce impacts, and work with state and other partners to improve sustainable management of coral reefs (0 pos.; +$2,000). Lastly, an increase is requested for the South Florida ecosystem program to implement an integrated ecosystem monitoring program, particularly in the areas around Florida Bay and the Florida Keys marine sanctuary (0 pos.; +$1,000).

Under Response and Restoration programs, an increase is requested to support the Lands Legacy Initiative to restore damaged coral reefs, develop a coral nursery and review ongoing coral restoration efforts (+15 pos.; +$10,000). Increases are requested under the Coastal Ocean Program to continue the multi-agency Ecology and Oceanography of Harmful Algal Blooms (ECOHAB) program (0 pos.; +$600) and for continued hypoxia research in the Gulf of Mexico (0 pos.; +$400).

A decrease is requested for research efforts on zebra mussels and nearshore research conducted by the Great Lakes Environmental Research Laboratory (0 pos.; -$800).

No funding is requested for the following programs under Ocean Assessment: for pfiesteria research at N.C. State (0 pos.; -$500); the Cooperative Institute for Coastal and Estuarine Environmental Technology (0 pos.; -$5,800); the Coastal Services Center (0 pos.; -$3,750); the University of Hawaii Coral Reef Institute (0 pos.; -$1,000); and for assistance to the Beaufort, S.C. water quality project (0 pos.;- $1,200).

Ocean and Coastal Management	151	80,850	+34	+47,350

An increase is requested in the Coastal Zone Management (CZM) program administration line to support national programs, the planned expansion of the National Estuarine Research Reserves (NERRS) to 27 sites, and continued additions to the state CZM programs (+11 pos.; +$1,000). In support of the Clean Water Initiativeand Lands Legacy Initiative (components of Ocean 2000),, increased funds are needed for the coastal non-point pollution control program for the CZM states to complete development of state programs, and to develop nonpoint control programs in the four new states: Georgia, Texas, Ohio and Minnesota (0 pos.; +$2,000). Increased funding is requested for CZMA enhancement grants for states to implement their approved coastal non-point control program elements that address polluted runoff (0 pos.; +$2,000). In support of the Lands Legacy Initiative, an increase is requested for Section 310 of the CZMA to provide technical assistance grants to support community-based, environmentally sound solutions to the impacts and pressures on coastal resources (+3 pos.; +$28,000). Increased funds are also needed in the NERRS program to assist in staffing, education, monitoring, research, and training activities required due to adding five new reserves to the system (0 pos.; +$2,700), and to improve management of the 12 national marine sanctuaries by fully funding base operations and implementing socioeconomic studies to improve sanctuary management plans, inventory existing resources, and to identify potential new sites (+20 pos.; +$12,000). These increases are also part of the Lands Legacy Initiative.

No funding is requested for the Northwest Straits Advisory Commission (0 pos.; -$350).

Acquisition of Data	196	14,726	0	+3,000

Increases are requested to support UNOLS data collection for global ocean ecosystem dynamics research that studies how changing ocean conditions affect fish, and for ECOHAB efforts to examine how hypoxia and HABs impact coastal estuarine habitats (0 pos.; +$3,000).

National Marine Fisheries Service (NMFS)

Information Collection and Analysis	1,366	191,229	+16	-21,724

In the Resource Information line item, base increases are requested to promote environmentally sound marine acquaculture by developing and implementing regulatory and permit processing (+10 pos.; +$1,014) and to support fisheries oceanography to improve stock predictions (+3 pos.; +$1,600). An increase is requested under Fishery Industry Information for the collection of fisheries statistics and to perform economic analyses required by the new national Standard 8 of the Sustainable Fisheries Act (+3 pos.; +$1,000).

Funding decreases are proposed for the following Resource Information activities: Chesapeake Bay studies (0 pos.; -$390); right whale gear modification research (0 pos.; -$150); Alaska groundfish calibration studies (0 pos.; -$239); west coast groundfish studies (0 pos.; -$20); Pacific salmon treaty program (0 pos.; -$1,857); Hawaiian monk seals (0 pos.; -$200); stellar sea lion recovery (0 Pos.; -$1,080); Hawaiian sea turtles (0 pos.; -$27). Decreases are also requested within these Fishery Industry programs: Alaska groundfish monitoring program (0 pos.; -$300); PACFIN (0 pos.; -$1,700); recreational fishery harvest monitoring (0 pos.; -$800); and Gulf FIN (0 pos.; -$3,000).

Within Resource Information, no funding is requested for the following programs: Gulf of Mexico consortium, Gulf and Atlantic States Fish Development Foundation, Atlantic herring/mackerel, Aquatic resources initiative, Alaska near shore fisheries, Chesapeake Bay oyster research, Charleston bump, shrimp pathogens, lobster sampling, southeastern sea turtles, hard clam population densities, the Hawaiian stock management plan and for bluefish/striped bass research (0 pos.; -$15,575).

Conservation and Management Operations	960	146,839	+252	+61,572

In Fisheries Management Programs, an increase is requested to implement Magnuson-Stevens Act provisions for improving the use of fisheries statistics and economic data, meeting the requirements of the Sustainable Fisheries Act, and implementing Essential Fish Habitat amendments to the Fishery Management Plans (+26 pos.; +$2,630). Also included in this increase are funds to support the lease, and operations and maintenance costs for the Kodiak research laboratory (0 pos.; +$1,500) and for the operations and maintenance costs for the Santa Cruz research laboratory (0 pos.; +$300).

To support the Lands Legacy Initiative, a component of Oceans 2000, an increase is needed to establish through regional and community partnerships, a Fisheries Habitat Restoration Program to increase the geographic scope and rate at which

restoration efforts are undertaken. Affected areas include wetlands, salt marshes, mangroves, and anadromous fish spawning areas (0 pos.; +$22,700). Further increases will help rebuild overfished and overcapitalized northeast fisheries (0 pos.; +$5,180). Lastly, an increase is requested to support the regional Fisheries Management Councils as they revise all existing Fishery Management Plans, incorporate essential fish habitat into these plans, and implement new programs and regulations (0 pos.; +$300).

Under Protected Species Management, an increase is requested to support NOAA's efforts to implement Endangered Species Act recovery plans for salmon, and will include funds to stem the decline of leatherback and loggerhead turtles, right whales and Hawaiian monk seals (+176 pos.; +$29,700). Additional increases are sought for the base program of Protected Species Management to characterize and map biodiversity and protected species habitat to identify areas for conservation (+12 pos.; +$2,600) and for West Coast Observers and Training (0 pos.; +$1,575). An increase is requested in Habitat Conservation to provide programmatic support for restoring fish habitat and other resources injured by human activity under the Damage Assessment and Restoration Program (+20 pos.; +$1,700), and in Enforcement & Surveillance to support investigations targeting blatant offenders and enforcement efforts in support of salmon and loggerhead turtle recovery (+18 pos.; +$1,025).

Decreases are requested for the Columbia River hatcheries (0 pos.; -$1,100) and for Pacific tuna management under Fisheries Management programs (0 pos.; -$1,050). Under Protected Species Management, decreases are requested for Driftnet Act implementation (0 pos.; -$100); Marine Mammal Protection Act (0 pos.; -$358); and native marine mammals (0 pos.; -$50).

No funds are requested for the following programs: Pacific coral reef management program (0 pos.; -$230); Atlantic swordfish programs (0 pos.; -$300) and the Columbia River hatcheries mass marking program (0 pos,: -$2,200). No funds are requested under the Endangered Species Act program for technical support to Washington state (0 pos.; -$1,000); the state of Alaska (0 pos.; -$250); and the Northwest fisheries commission (0 pos.; -$1,000).

A proposal will be transmitted later in FY 1999 to request fee authority, the revenues from which will offset costs associated with fisheries management and enforcement services. Estimated fees of $20 million in FY 2000, if authorized, will offset NOAA budget authority.

State and Industry Assistance Programs	90	23,228	-24	-6,200

A decrease is requested for the Atlantic cooperative management program of the interstate fish commission (0 pos.; -$3,750). A decrease in the Product Quality and Safety line item ends funding for Federal Ship Financing Fund administration expenses in ORF. New budget authority is requested in the Fisheries Finance Program account to cover these administrative expenses (-24 pos.; -$1,700). A decrease is also requested for Hawaiian fisheries development (0 pos.; -$750).

The FY 2000 President's Budget includes legislative language to transfer the National Marine Fisheries Service Seafood Inspection Program to the Food and Drug Administration.

Acquisition of Data	296	25,488	0	0

No changes are proposed for this subactivity in FY 2000.

Oceanic and Atmospheric Research (OAR)

Climate and Air Quality Research	383	122,813	0	+16,887

An increase is requested in Interannual and Seasonal Climate Research to launch a new initiative to deploy an array of drifting buoys in the Pacific and Atlantic to obtain data in support of gaining accurate information on the seasonal cycles of the upper oceans (0 pos.; +$4,000). In Long Term Climate and Air Quality Research, increases are requested to expand NOAA's efforts in the Health of the Atmosphere program to further understand the atmospheric processes controlling the formation and distribution of ground-level ozone and aerosols (0 pos.; +$387); to implement a systematic long-term ocean observing program, and upgrade existing Voluntary Observing Ship (VOS) programs to include new sensors for carbon dioxide and other climate variables (0 pos.; +$1,600); to improve coastal monitoring and assessment capabilities to gauge the effect of pollutants on coastal waters (0 pos.; +$1,000); and to restore and maintain operations at its baseline observatories in Alaska, Hawaii, Samoa, and Antarctica (0 pos.; +$1,200). In the High Performance Computing and Communications program an increase is needed to accommodate a full year's cost of leasing the massively parallel computer acquired in FY 1999 to advance weather

prediction models at NOAA's Forecast Systems Laboratory (0 pos.; +$1,500). An increase is also requested for the Global Learning and Observations to Benefit the Environment (GLOBE) program to increase the number of participating schools and breadth of science data being collected (0 pos.; +$2,500). Lastly, an increase is requested for the National Science and Technology Council's (NSTC) Initiative, the U.S. Global Change Research Program, for NOAA's Climate and Global Change Program, to improve NOAA's prediction and assessment capabilities based on a program of observations and modeling to understand recurrent patterns of variability of the climate system and its forcings across all time scales (0 pos.; +$6,700).

No funding is requested for the Climate Change Research Center (0 pos.; -$2,000).

Atmospheric Programs	301	47,050	0	0

Increased funding is requested for the U.S. Weather Research Program in support of improving the forecast accuracy and lead time of hurricane landfall as part of the Natural Disaster Reduction Initiative (NDRI) (0 pos.; +$1,500).

No funding is requested for researching and evaluating wind profiler data for incorporation into operational forecast models (0 pos.; -$1,500).

Ocean and Great Lakes Programs	158	99,000	0	-16,200

Increased funding is requested for the following programs: marine acquaculture to begin the sustainable production of native commercial ocean fish species (0 pos.; +$3,600); ocean bottom observatories to expand shallow water observations as well as develop deep sea observatories as part of the National Undersea Research Program (NURP) (0 pos.; +$3,100); hypoxia research and modeling to assess conditions in the northern Gulf of Mexico (0 pos.; +$400); fisheries oceanography (0 pos.; +$400); and development of new technology, research, outreach and control programs to curb the spread of invasive species in U.S. waters (0 pos.; +$200).

Decreased funding is requested for the Arctic research initiative (0 pos.; -$350); for the National Sea Grant College Program reflecting the discontinuation of lower priority research (0 pos.; -$6,000). Reduced funding is also requested in the National Undersea Research Program (NURP) in support of a streamlined, yet nationally competitive research program (0 pos.; -$5,550).

No funding is requested for the following programs as they either have been completed, or represent lower priorities to NOAA: southeast Atlantic marine monitoring and prediction (0 pos.; -$750); the Chesapeake Bay ballast demonstration (0 pos.; -$850); Tsunami mitigation (0 pos.; -$2,300); the Lake Champlain study (0 pos.; -$150); the open ocean aquaculture program, including funding for the seacoast science center (0 pos.; -$2,400); the initiative for aquatic ecosystems, water quality, atmospheric research and facilities construction at the Canaan Valley Institute (0 pos.; -$4,000); the sediment control study (0 pos.; -$50); the Gulf of Maine council (0 pos.; -$500); and the marine ecosystem initiative (0 pos.; -$1,000).

Acquisition of Data	103	13,020	0	0

No additional funding is requested for this subactivity in FY 2000.

National Weather Service (NWS)

Operations and Research (O&R)	4,674	518,240	-100	+14,757

NOAA requests a net increase of $14.8 million in O&R in FY 2000. This increase supports budget and program recommendations of the NOAA Review which covered fiscal years 1998 and 1999, and funds activities which contribute to the Natural Disaster Reduction Initiative (NDRI). Specifically, increases are requested as follows: base restoration to cover NWS' labor cost deficiencies in the NWS field offices (-100 pos.; +$9,634). The requested increase incorporates the effect of reducing staffing levels by 100 positions/187 FTEs, which is more than offset by the cumulative effects of upgrading the NWS workforce as part of the modernization transition. Increases are also requested to maintain and replace critical field office equipment, provide the necessary level of training to forecasters, as well as maintain centralized communication services (0 pos.; +$1,663). Included in the request for the NWS in addition to the aforementioned restorations, are current adjustments-to-base of $19,990 for both labor and non-labor inflation expected in FY 2000. In addition, a program increase is requested

to address the Secretary's mitigation recommendations for Caribou, ME, Key West, FL, Erie, PA, and Williston, ND (0 pos.; +$1,006). Increases are also requested to begin the modernization of NOAA's cooperative observer network, which is the backbone of the nation's climate record and an integral source of data for local forecasting (0 pos.; +$1,500); for obtaining commercial aircraft atmospheric observations from ARINC in support of improving the accuracy of weather warnings and forecasts (0 pos.; +$600); to initiate the national implementation of the Advanced Hydrologic Prediction System (0 pos.; +$2,200); and to provide an adequate level of maintenance for Weather Forecast Offices (0 pos.; +$1,000).

Reduced funding is needed to support the Susquehanna River Basin flood system (0 pos.; -$631).

No funding is requested for the following projects as they were either non-recurring, or are considered lower priority programs to NOAA: NWR transmitters in Kentucky, Georgia, South Dakota, and Illinois, as the FY 1999 costs were non-recurring (0 pos.; -$1,600); cooperative institute for regional prediction (0 pos.; -$216); and support of the OK -FIRST prototype development at the National Severe Storms Laboratory (0 pos.; -$399).

Systems Acquisition	179	58,855	+11	+26,045

Funding in this subactivity reflects the non-capital portion of the Next Generation Weather Radar (NEXRAD), Automated Surface Observing System (ASOS), and the Advanced Weather Interactive Processing System (AWIPS) programs.

An increase is needed in the AWIPS program reflecting the completion of deployment activities in FY 1999 and the full-year effect of post-deployment operations and maintenance of the AWIPS network (+11 pos.; +$25,813); and in the ASOS program to effect additional corrective and preventative equipment maintenance to improve operational availability (0 pos.; +$240).

A small decrease is requested in the NEXRAD program representing a funding adjustment (0 pos.; -$8).

National Environmental Satellite, Data and Information Service (NESDIS)

Satellite Observing System	519	58,050	0	+1,186

Funding in this subactivity includes the operation of current, on-orbit geostationary (GOES) and polar-orbiting (POES) satellites and the acquisition of data from non-NOAA satellites. Funding associated with the acquisition of geostationary and polar-orbiting operational environmental satellites, including the Polar Convergence (NPOESS) program, is captured in the Procurement, Acquisition and Construction (PAC) account.

An increase is requested to maintain on-going satellite operations, and data processing and distribution without degradation in services from current levels (0 pos.; +$1,686). An increase is also requested to commence the Global Disaster Information Network (GDIN) program to improve all phases of disaster management (0 pos.; +$2,000). This is a multi-agency/public-private partnership designed to lessen the impact of natural disasters on the American public. NOAA's contribution focuses on identifying/developing/managing those data sets useful to public and private concerns in the mitigation of the effects of natural disasters.

No funding is requested for the wind demonstration project (0 pos.; -$2,500).

Environmental Data Management Systems	277	53,174	0	-9,318

An increase is requested in conjunction with the NWS to modernize NOAA's cooperative observer network, particularly, the rain gauge network which incorporates technology that is no longer supported by any manufacturer (0 pos.; +$1,500). An increase is also requested to meet the increased costs of operating NOAA's three national data centers (0 pos.; +$932).

Decreased funding is requested for the weather record preservation efforts at the data centers (0 pos.; -$5,000), as well as for environmental data systems modernization (0 pos.; -$4,000).

No funding is requested for the regional climate centers as this function should be privatized (0 pos.; -$2,750).

Program Support

Administration and Services	1,109	62,868	0	0

No changes are requested for this subactivity in FY 2000.

Aircraft Services	107	10,669	+5	+350

An increase is requested for Aircraft Services to support a second flight crew for the G-IV jet to meet the operational requirement of 24-hour storm surveillance. The jet will be flown for 12-hour intervals during land-falling hurricanes (+5 pos.; +$350).

Fleet Maintenance and Planning	12	11,643	0	-2,400

All costs of on-going maintenance, minor repairs, and planning for future fleet modernization and replacement efforts are captured in this ORF activity. Expenditures for future fleet modernization activities are accounted for in the Procurement, Acquisition and Construction (PAC) account.

Decreased funding is requested for this activity to reflect one-time enhancements to the pier at NOAA's Pascagoula facility (0 pos.; -$2,400).

Facilities	15	3,844	0	+5,985

All costs of NOAA-wide preventive maintenance, minor repairs, general facilities planning and design and environmental compliance at NOAA's facilities are captured in this ORF activity. Expenditures for new construction or major modifications to existing NOAA facilities are captured in the PAC account.

The payment of lease costs for the Sandy Hook laboratory and the costs to maintain the Columbia River hatcheries are now reflected in the NMFS activity instead of in this subactivity.

Increases are necessary to accommodate the incremental operations costs of the new Boulder laboratory facility (0 pos.; +$3,850); to expand efforts in NOAA's environmental compliance program (0 pos.; +$1,873); and for NARA records management (0 pos.; +$262).

Detailed Comparison by Activity

NATIONAL OCEAN SERVICE	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
Navigation Services:								
Mapping & Charting	258	$34,260	258	$34,495	258	$33,335	0	($1,160)
Address survey backlog		14,000		14,000		14,900	0	900
Subtotal	258	48,260	258	48,495	258	48,235	0	(260)
Geodesy	227	19,659	227	19,849	227	19,849	0	0
Tide and Current Data	145	12,000	145	12,133	145	14,883	0	2,750
Total, Navigation Services	630	79,919	630	80,477	630	82,967	0	2,490
Ocean Resources Conservation & Assessment:								
Estuarine & Coastal Assessment								
Oceanic & coastal research	61	7,410	61	7,470	61	7,970	0	500
GLERL			60	6,885	60	6,085	0	(800)
Ocean assessment program	177	42,611	177	41,761	197	46,261	20	4,500
Response and Restoration	109	8,774	109	9,884	124	19,884	15	10,000
Trans. fr Damage Assesmt Fund		5,597					0	0
Subtotal	347	64,392	407	66,020	442	80,220	35	14,200
Coastal Ocean Science								
Coastal ocean program	21	18,400	21	18,430	21	19,430	0	1,000
Subtotal	21	18,400	21	18,430	21	19,430	0	1,000
Total, Ocean Res. Conservation & Assessment	368	82,792	428	84,450	463	99,650	35	15,200
Ocean & Coastal Management:								
Coastal Management								
CZM administration	51	4,500	51	4,500	62	5,500	11	1,000
CZM grants		53,700		53,700		55,700	0	2,000
CZM 310 grants					3	28,000	3	28,000
Estuarine research reserve system		4,300		4,300		7,000	0	2,700
Non-point pollution control		4,000		4,000		6,000	0	2,000
CZMF (obligate in fund)	(51)	(4,000)					0	0
Subtotal	0	62,500	51	66,500	65	102,200	14	35,700
Ocean Management								
Marine sanctuary program	100	14,350	100	14,350	120	26,000	20	11,650
Subtotal	100	14,350	100	14,350	120	26,000	20	11,650
Total, Ocean & Coastal Management	100	76,850	151	80,850	185	128,200	34	47,350
Acquisition of Data	196	14,546	196	14,726	196	17,726	0	3,000
TOTAL, NOS	1,294	254,107	1,405	260,503	1,474	328,543	69	68,040

NATIONAL MARINE FISHERIES SERVICE	1999 Currently Avail Perm Pos	1999 Currently Avail Amount	2000 Base Perm Pos	2000 Base Amount	2000 Estimate Perm Pos	2000 Estimate Amount	Increase / Decrease Perm Pos	Increase / Decrease Amount
Information Collection & Analyses:								
Resource Information	948	$106,675	948	$108,379	961	$96,918	13	($11,461)
Antarctic research		1,200		1,200		1,200	0	0
Chesapeake Bay studies		1,890		1,890		1,500	0	(390)
Right whale research		350		350		200	0	(150)
MARFIN		3,000		3,000		3,000	0	0
SEAMAP		1,200		1,200		1,200	0	0
Alaskan groundfish surveys		900		900		661	0	(239)
Bering Sea pollock research		945		945		945	0	0
West Coast groundfish		800		800		780	0	(20)
New England stock depletion		1,000		1,000		1,000	0	0
Hawaii stock management plan		500		500			0	(500)
Yukon River chinook salmon		700		700		700	0	0
Atlantic salmon research		710		710		710	0	0
Gulf of Maine groundfish survey		567		567		567	0	0
Dolphin / Yellowfin tuna research		250		250		250	0	0
Pacific salmon treaty program		7,444		7,444		5,587	0	(1,857)
Hawaiian monk seals		700		700		500	0	(200)
Stellar sea lion recovery program		2,520		2,520		1,440	0	(1,080)
Hawaiian sea turtles		275		275		248	0	(27)
Bluefish / striped bass		1,000		1,000			0	(1,000)
Halibut / Sablefish		1,200		1,200		1,200	0	0
Subtotal	948	133,826	948	135,530	961	118,606	13	(16,924)
Fishery Industry Information								
Fish statistics	168	13,000	168	13,257	171	14,257	3	1,000
Alaska groundfish monitoring		5,500		5,500		5,200	0	(300)
PACFIN / catch effort data		4,700		4,700		3,000	0	(1,700)
GULF FIN data collection effort		3,000		3,000			0	(3,000)
Rec. fishery harvest monitoring		3,900		3,900		3,100	0	(800)
Subtotal	168	30,100	168	30,357	171	25,557	3	(4,800)
Info. Analyses & Dissemination	250	20,900	250	21,342	250	21,342	0	0
Computer hardware and software		4,000		4,000		4,000	0	0
Subtotal, Info.Analyses & Dissem.	250	24,900	250	25,342	250	25,342	0	0
Total, Info. Collection & Analyses	1,366	188,826	1,366	191,229	1,382	169,505	16	(21,724)
Conservation & Management Operations:								
Fisheries Management Programs	263	29,900	263	32,587	289	36,487	26	3,900
Columbia River hatcheries		13,600		18,065		14,765	0	(3,300)
Columbia River end species studies		288		288		288	0	0
Fisheries habitat restoration						22,700	0	22,700
NE fisheries management						5,180	0	5,180
Regional councils		13,000		13,000		13,300	0	300
International fisheries commissions		400		400		400	0	0
Management of George's Bank		478		478		478	0	0
Pacific tuna management		2,300		2,300		1,250	0	(1,050)
Subtotal	263	59,966	263	67,118	289	94,848	26	27,730
Protected Species Management	370	6,200	370	6,806	382	9,406	12	2,600
Driftnet Act Implementation		3,378		3,378		3,278	0	(100)
Marine Mammal Protection Act		7,583		7,583		7,225	0	(358)
Endangered Spec Act recovery plan	19	28,000	19	28,000	195	55,450	176	27,450
Dolphin encirclement studies	9	3,300	9	3,300	9	3,300	0	0
Native marine mammals		750		750		700	0	(50)
Observer training		2,650		2,650		4,225	0	1,575
Subtotal	398	51,861	398	52,467	586	83,584	188	31,117

	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
NATIONAL MARINE FISHERIES SERVICE	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
Habitat Conservation	116	$9,000	116	$9,158	136	$10,858	20	$1,700
Enforcement & Surveillance	183	17,775	183	18,096	201	19,121	18	1,025
Total, Conserv. & Management Ops	960	138,602	960	146,839	1,212	208,411	252	61,572
State & Industry Assistance Programs								
Interjurisdictional fisheries grants		2,600		2,600		2,600	0	0
Disaster research & prevention		7,000		0		0	0	0
Anadromous grants		2,100		2,100		2,100	0	0
Interstate fish commissions		7,750		7,750		4,000	0	(3,750)
Subtotal	0	19,450	0	12,450	0	8,700	0	(3,750)
Fisheries Development Program								
Product quality and safety	90	9,824	90	10,028	66	8,328	(24)	(1,700)
Hawaiian fisheries development		750		750			0	(750)
Subtotal	90	10,574	90	10,778	66	8,328	(24)	(2,450)
Total, State & Industry Assist. Prog.	90	30,024	90	23,228	66	17,028	(24)	(6,200)
Acquisition of Data	296	25,098	296	25,488	296	25,488	0	0
TOTAL, NMFS	2,712	382,550	2,712	386,784	2,956	420,432	244	33,648
OCEANIC AND ATMOSPHERIC RESEARCH								
Climate & Air Quality Research:								
Interannual & Seasonal Climate Res.	38	14,900	38	14,900	38	16,900	0	2,000
Long-term Climate & Air Quality Res.	183	30,000	183	30,413	183	34,600	0	4,187
High Perform. Computing & Com.	6	12,000	6	12,000	6	13,500	0	1,500
Subtotal	227	56,900	227	57,313	227	65,000	0	7,687
GLOBE	9	2,500	9	2,500	9	5,000	0	2,500
Climate and Global Change	147	63,000	147	63,000	147	69,700	0	6,700
Subtotal	156	65,500	156	65,500	156	74,700	0	9,200
Total, Climate & Air Quality Research	383	122,400	383	122,813	383	139,700	0	16,887
Atmospheric Programs:								
Weather research	240	36,100	240	36,600	240	36,600	0	0
Wind profiler		4,350		4,350		4,350	0	0
Subtotal	240	40,450	240	40,950	240	40,950	0	0
Solar Terrestrial services & research	61	6,000	61	6,100	61	6,100	0	0
Total, Atmospheric Programs	301	46,450	301	47,050	301	47,050	0	0
Ocean & Great Lakes Programs:								
Marine Prediction Research	128	26,801	128	26,950	128	22,300	0	(4,650)
GLERL	60	6,825					0	0
Subtotal	188	33,626	128	26,950	128	22,300	0	(4,650)
Sea Grant								
Sea Grant College Program	22	57,500	22	57,500	22	51,500	0	(6,000)
Subtotal	22	57,500	22	57,500	22	51,500	0	(6,000)
Undersea Research Program								
Nat'l Undersea Research Program	8	14,550	8	14,550	8	9,000	0	(5,550)
Subtotal	8	14,550	8	14,550	8	9,000	0	(5,550)
Total, Ocean & Great Lakes Programs	218	105,676	158	99,000	158	82,800	0	(16,200)
Acquisition of Data	103	12,884	103	13,020	103	13,020	0	0
TOTAL, OAR	1,005	287,410	945	281,883	945	282,570	0	687

	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
NATIONAL WEATHER SERVICE								
Operations & Research:								
Local Warnings & Forecasts	4,359	$357,034	4,359	$438,223	4,259	$450,411	(100)	$12,188
MARDI		64,036					0	0
Advanced Hydrologic Prediction System						2,200	0	2,200
Radiosonde replacement program		2,000					0	0
Susquehanna River Basin Flood System		1,250		1,250		619	0	(631)
WFO maintenance				3,000		4,000	0	1,000
Aviation forecasts		35,596		35,596		35,596	0	0
Subtotal	4,359	459,916	4,359	478,069	4,259	492,826	(100)	14,757
Central Forecast Guidance	276	35,574	276	37,081	276	37,081	0	0
Atmospheric & Hydrological Research	39	2,964	39	3,090	39	3,090	0	0
Total, Operations & Research	4,674	498,454	4,674	518,240	4,574	532,997	(100)	14,757
Systems Acquisition:							0	0
Public Warning & Forecast Systems								
NEXRAD	128	38,346	128	39,333	128	39,325	0	(8)
ASOS	38	7,116	38	7,333	38	7,573	0	240
AWIPS / NOAAPort	13	12,189	13	12,189	24	38,002	11	25,813
Computer Facility Upgrades		4,600					0	0
Total, Systems Acquisition	179	62,251	179	58,855	190	84,900	11	26,045
TOTAL, NWS	4,853	560,705	4,853	577,095	4,764	617,897	(89)	40,802
NATIONAL ENVIRONMENTAL SATELLITE DATA & INFORMATION SERVICE								
Satellite Observing Systems:								
Ocean remote sensing	0	4,000	0	4,000	0	4,000	0	0
Global Disaster Information Network (GDIN)						2,000	0	2,000
Environmental Observing Services	519	53,300	519	54,050	519	53,236	0	(814)
Total, Satellite Observing Systems	519	57,300	519	58,050	519	59,236	0	1,186
Environmental Data Management Systems:								
Data & Information Services	277	33,550	277	34,089	277	31,521	0	(2,568)
Environmental Data Systems Modern.		16,335		18,335		12,335	0	(4,000)
Regional climate centers		2,750		2,750			0	(2,750)
Total, EDMS	277	52,635	277	53,174	277	43,856	0	(9,318)
TOTAL, NESDIS	796	109,935	796	111,224	796	103,092	0	(8,132)
PROGRAM SUPPORT								
Administration & Services:								
Executive direction & administration	299	19,200	299	19,573	299	19,573	0	0
HBCU				1,000		1,000	0	0
Systems Acquisition Office (SAO)	10	700	10	712	10	712	0	0
Subtotal	309	19,900	309	21,285	309	21,285	0	0
Central administrative support	800	31,850	800	41,583	800	41,583	0	0
Retired pay commissioned officers		7,000		0			0	0
Total, Administration & Services	1,109	58,750	1,109	62,868	1,109	62,868	0	0
Aircraft Services	107	10,500	107	10,669	112	11,019	5	350
TOTAL, PROGRAM SUPPORT	1,216	69,250	1,216	73,537	1,221	73,887	5	350
FLEET MAINTENANCE & PLANNING	12	11,600	12	11,643	12	9,243	0	(2,400)

FACILITIES	1999 Currently Avail Perm Pos	1999 Currently Avail Amount	2000 Base Perm Pos	2000 Base Amount	2000 Estimate Perm Pos	2000 Estimate Amount	Increase / Decrease Perm Pos	Increase / Decrease Amount
Facilities:								
NOAA maintenance & repair	6	$1,800	6	$1,818	6	$1,818	0	$0
Sandy Hook lease		2,000					0	0
Environmental compliance	9	2,000	9	2,026	9	3,899	0	1,873
WFO maintenance		3,000					0	0
Columbia River facilities		4,465					0	0
NARA records management						262	0	262
Facilities Operations:								
Boulder laboratory						3,850	0	3,850
TOTAL FACILITIES	15	13,265	15	3,844	15	9,829	0	5,985
DIRECT OBLIGATIONS	11,903	1,688,822	11,954	1,706,513	12,183	1,845,483	229	138,980
Rent savings to finance Goddard						(4,656)	0	(4,656)
NOAA Corps retirement pay (mandatory)				13,900		13,900	0	0
TOTAL DIRECT OBLIGATIONS	11,903	1,688,822	11,954	1,720,413	12,183	1,854,737	229	134,324
REIMBURSABLE OBLIGATIONS	725	229,400	611	185,787	611	185,767	0	0
Navigation & Magnuson fee collections		4,000		4,000		4,000	0	0
Offsetting collections (data sales)		3,600		3,600		3,600	0	0
Subtotal, Reimbursable Obligations	725	237,000	611	203,367	611	203,367	0	0
TOTAL OBLIGATIONS	12,628	1,925,822	12,565	1,923,780	12,794	2,058,104	229	134,324
FINANCING								
Prior year recoveries (direct)		(33,000)		(33,000)		(33,000)	0	0
Unobligated balance transferred, net (DARRF)		(4,097)					0	0
Federal ship financing fund expenses							0	0
Offsetting collections (data sales)		(3,600)		(3,600)		(3,600)	0	0
Federal funds		(172,000)		(134,927)		(134,927)	0	0
Non-Federal funds		(57,400)		(60,840)		(60,840)	0	0
Offset for fee collections		(4,000)		(4,000)		(4,000)	0	0
Subtotal, Financing	(725)	(274,097)	(611)	(236,367)	(611)	(236,367)	0	0
TOTAL BUDGET AUTHORITY (B.A.)	11,903	1,651,725	11,954	1,687,413	12,183	1,821,737	229	134,324
FINANCING FROM:								
Promote & develop American fisheries		(63,381)		(63,381)		(64,926)	0	(1,545)
Coastal zone management fund				(4,000)		(4,000)	0	0
Disaster research & prevention (from USDA)		(7,000)					0	0
NOAACorps retirement pay (mandatory)				(13,900)		(13,900)	0	0
Damage assessment & rest. revol. fund		(1,500)					0	0
Subtotal, Financing From	0	(71,881)	0	(81,281)	0	(82,826)	0	(1,545)
APPROPRIATION, ORF	11,903	1,579,844	11,954	1,606,132	12,183	1,738,911	229	132,779
Proposed Rescission of Unobligated Balances						(3,400)	0	(3,400)
Proposed Supplemental								
Northeast multispecies fishery		1,880					0	0
Proposal for Later Transmittal:								
Navigation & Magnuson fee authorization						(34,000)	0	(34,000)
TOTAL B.A. w/ resc., sup. & fees	11,903	1,653,605	11,954	1,687,413	12,183	1,784,337	229	96,924
APPROP. w/ resc., sup. & fees	11,903	1,581,724	11,954	1,606,132	12,183	1,701,511	229	95,379

APPROPRIATION: Procurement, Acquisition and Construction

Summary of Requirements

	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted			185	$584,677
Adjustments to Base (transfer from ORF)				6,600
Restoration of FY 1999 Deobligations				4,000
2000 Base			185	595,277
Program Changes			(23)	42,701
TOTAL REQUIREMENTS			162	637,978
Recoveries from prior year obligations				(7,400)
2000 APPROPRIATION			162	630,578

Comparison by Activity

	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
DIRECT OBLIGATIONS	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
Systems Acquisition:								
NEXRAD	11	$7,000	11	$7,000	7	$9,560	(4)	$2,560
ASOS		3,855		3,855		4,180	0	325
AWIPS / NOAAPort	89	67,667	89	67,667	70	22,575	(19)	(45,092)
Computer Facility Upgrade		9,900		14,500		11,100	0	(3,400)
Radiosonde Replacement Program				2,000		8,350	0	6,350
GFDL Supercomputer						5,700	0	5,700
ACE Follow-on/GEOSTORM						4,340	0	4,340
POES	20	149,917	20	149,917	20	140,979	0	(8,938)
Polar Convergence (NPOESS)	13	50,000	13	50,000	13	80,100	0	30,100
GOES I - M		82,376		82,376		77,082	0	(5,294)
GOES N - Q	47	182,766	47	182,766	47	189,533	0	6,767
Subtotal	180	553,481	180	560,081	157	553,499	(23)	(6,582)
Construction:							0	0
Boulder lab - above standard cost		6,370		6,370			0	(6,370)
WFO Construction	5	9,526	5	9,526	5	13,367	0	3,841
NCEP		850		850			0	(850)
Santa Cruz research lab		4,200		4,200			0	(4,200)
Nat'l Estuarine Research Reserves		7,300		7,300		12,000	0	4,700
Alaska facilities / Juneau						1,000	0	1,000
Pribilof Island clean-up		700		700			0	(700)
Marine Sanctuaries						3,000	0	3,000
NOAA Operations & Research Center						3,545	0	3,545
Charleston / Ft. Johnson		3,000		3,000			0	(3,000)
Outer Banks community foundation		750		750			0	(750)
Long Island Bay Shore aquarium		1,000		1,000			0	(1,000)
Botannical gardens		500		500			0	(500)
Other		1,000		1,000			0	(1,000)
Subtotal	5	35,196	5	35,196	5	32,912	0	(2,284)
Fleet Replacement	0	0	0	0	0	51,567	0	51,567
Subtotal, PAC	185	588,677	185	595,277	162	637,978	(23)	42,701
Recoveries		(4,000)		(7,400)		(7,400)	0	0
TOTAL, PAC	185	584,677	185	587,877	162	630,578	(23)	42,701

Highlights of Program Changes

	Base		Increase / Decrease	
	Positions	Amount	Positions	Amount
Procurement, Acquisition and Construction (PAC)				

The PAC account represents an annual appropriation in the FY 1999 Congressional appropriation. This account captures the non-recurring costs of acquiring and/or improving capital assets used by NOAA in carrying out its varied missions. In FY 2000, in conjunction with OMB Circular A-11, as amended, NOAA seeks in this account advanced appropriations for certain capital assets falling into this category which will allow it to realize procurement efficiencies, management accountability, as well as to reflect the full cost of assets for cost/benefit evaluations. See table below for annual amounts for the period FY 2000 - FY 2004, and FY 2005 to completion.

Systems Acquisition	180	$560,081	-23	-$6,582

Increased funding is required as follows: in the Next Generation Weather Radar (NEXRAD) program to continue the tri-agency planned product improvement initiative that will lead to extended life of the network, lower life cycle costs and improved NEXRAD products (-4 pos.; +$2,560); in the Automated Surface Observing System (ASOS) program to fund on-going planned product improvement initiatives and sensor development and deployment (0 pos.; +$325); in the radiosonde replacement program to reflect the execution of the 1st option year of the replacement system contract (0 pos.; +$6,350); in the High Performance Computing and Communications (HPCC) program to allow the Geophysical Fluids Dynamics Laboratory (GFDL) to replace its current vector processing supercomputer with a massively parallel processing (MPP) supercomputer (0 pos.; +$5,700); for NOAA's contribution to the tri-agency acquisition of the first GEOSTORM satellite in support of continuity of space weather warnings and forecasts (0 pos.; +$4,340); in the NPOESS program due to increased sensor development activities (0 pos.; +$30,100); and in the Geostationary Operational Environmental Satellite (GOES) N - Q acquisition program due to the ramp-up of activity in the spacecraft portion of the program, as well as development of the advanced imager and sounder to fly commencing with GOES Q (0 pos.; +$6,767).

Decreased funding is requested in the Computer Facilities Upgrade program reflecting the discontinuation of leasing and maintaining the Class VII (C-90) supercomputer (0 pos.; -$3,400); in the Advanced Weather Interactive Processing System (AWIPS) program reflecting the completion of the deployment phase of the program (-19 pos.; -$45,092); and in the Polar-orbiting Operational Environmental Satellite (POES) (0 pos.; -$8,938) and GOES I - M (0 pos.; -$5,294) acquisition programs due to reduced funding requirements for spacecraft and launch services.

Construction	5	35,196	0	-2,284

An increase is needed in the Weather Forecast Office (WFO) construction program mainly for the National Data Buoy Center sand blast facility modifications, and the Alaska housing replacement program (0 pos.; +$3,841). Increases are also requested to expand construction of the National Estuarine Research Reserve System (NERRS) (0 pos.; +$12,000); to complete the planning and design of the fisheries facility in Juneau, AK (0 pos.; +$1,000); to expand the marine sanctuaries system (0 pos.; +$3,000); and to effect capital improvements and major maintenance of the NOAA Operations and Research Center (NORC) in Suitland, MD (0 pos.; +$3,545).

Decreases are proposed for the following projects either because they had non-recurring funding requirements in FY 1999, or the project is of lower priority to NOAA: Santa Cruz Research Laboratory completed in FY 1999 (0 pos.; -$4,200); above standard cost items associated with the Boulder Laboratory construction (0 pos.; -$6,370); the National Centers for Environmental Prediction, mainly completion of the Aviation Weather Center (0 pos.; -$850); Pribilof Island clean-up (0 pos.; -$700), the Kasitsna Bay Lab and Kachenak Bay NERRS (0 pos.; -$1,300); the Great Bay NERRS (0 pos.; -$6,000); Charleston/Fort Johnson (0 pos.; -$3,000), the Outer Banks Community Foundation (0 pos.; -$750); the New York facilities (0 pos.; -$1,500); and other (0 pos.; -$1,000).

Fleet Replacement	0	0	0	+51,567

An increase of funding is requested to acquire the capacity of a Fisheries Research Vessel to replace capacity planned for decommissioning (0 pos.; +$51,567).

PROCUREMENT, ACQUISITION & CONSTRUCTION	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	To Complete	Total
Systems Acquisition								
NEXRAD *	$7,000	$9,560	$9,060	$9,060	$9,060	$9,060	$0	$52,800
ASOS *	3,855	4,180	6,125	7,565	6,655	5,495	0	33,875
AWIPS *	67,667	22,575	21,525	7,900	3,500	2,550	0	125,717
Computer Facility Upgrade *	9,900	11,100	12,835	16,135	12,335	11,835	0	74,140
Radiosonde Replacement Program *	[2,000]	6,350	6,350	6,350	6,350	3,000	0	36,400
GFDL Supercomputer *	0	5,700	8,000	8,000	8,000	8,000	6,500	44,200
ACE Follow-on / GEOSTORM **	0	4,340	6,160	6,560	6,580	6,560	0	30,240
POES K-N' *	149,917	140,979	114,594	98,253	73,699	61,241	94,011	732,694
POES Convergence *	50,000	60,100	113,600	180,000	230,500	333,500	2,209,750	3,197,450
GOES I-M *	82,376	77,082	58,615	15,960	11,476	9,009	4,922	259,440
GOES N-Q *	182,766	189,533	245,609	226,841	228,256	213,464	609,306	1,893,775
Subtotal, Systems Acquisition	553,481	553,499	604,473	584,644	596,411	663,734	2,924,489	6,480,731
Construction								
Boulder lab - above standard cost	6,370							6,370
WFO Construction*	9,526	13,367	12,225	12,725	7,552	8,536		63,931
NCEP	850							850
Santa Cruz research lab	4,200							4,200
Nat'l Estuarine Research Reserves	7,300	12,000	12,000	12,000	12,000	12,000		67,300
Alaska facilities / Juneau		1,000	15,000	20,000				36,000
Pribilof Island clean-up	700							700
Marine Sanctuaries		3,000	3,000	3,000	3,000	3,000		15,000
NOAA Operations & Research Center *		3,545	2,380					5,925
Charleston / Ft. Johnson	3,000							3,000
Outer Banks community foundation	750							750
Long Island Bay Shore aquarium	1,000							1,000
Botannical gardens	500							500
Other	1,000							1,000
Subtotal, Construction	35,196	32,912	44,605	47,725	22,552	23,536	0	206,526
Fleet Replacement	0	51,567	51,000	39,778	40,226	2,060	0	184,631
Total PAC Obligations	588,677	637,978	700,078	672,147	659,189	689,330	2,924,489	6,871,888
Deobligations	(4,000)	(7,400)	(8,404)	(10,612)	(10,824)	(10,824)	//	(52,064)
TOTAL, PAC BUDGET AUTHORITY	584,677	630,578	691,674	661,535	648,365	678,506	2,924,489	6,619,824

* Advanced appropriations are requested for these projects.

** Advanced appropriations are requested for GEOSTORM through FY 2002 only.

APPROPRIATION: Pacific Coastal Salmon Recovery

Summary of Requirements

	Summary	
	Perm Pos	Amount
1999 Enacted	0	$0
Financing		
Adjustments to Base	0	0
2000 Base	0	0
Program Changes	0	100,000
2000 APPROPRIATION	0	100,000

Comparison by Activity

	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
DIRECT OBLIGATIONS	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
Grants	0	$0	0	$0	0	$100,000	0	$100,000
TOTAL OBLIGATIONS	0	0	0	0	0	100,000	0	100,000
FINANCING								
Unobligated balance, start of year		0		0		0	0	0
Unobligated balance, end of year		0		0		0	0	0
TOTAL APPROPRIATION	0	0	0	0	0	100,000	0	100,000

Highlights of Program Changes

	Base		Increase / Decrease	
	Positions	Amount	Positions	Amount
Pacific Coastal Salmon Recovery	0	$0	0	$100,000

The Pacific Coastal Salmon Recovery Account is established in FY 2000 to fund a new Pacific Coastal Salmon Recovery initiative for the purpose of sharing the costs of state, local, and tribal salmon conservation initiatives. Utilization of this fund will support NOAA's contribution to a broad interdepartmental initiative bolstering Federal capabilities to assist in the conservation of at-risk salmon runs in the western states of California, Washington, Oregon and Alaska. Grants will be matched dollar for dollar with non-Federal contributions. The fund will be established under the Secretary of Commerce's existing authorities under the Endangered Species Act, and will be made available through agreements with the Governors of each state for distribution to state, local and tribal efforts. The Secretary will also establish terms and conditions to ensure effective use of the funds as well as specific reporting requirements to ensure full accountability by users of the fund.

APPROPRIATION: Fishermen's Contingency Fund

Summary of Requirements

	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted			1	953
Adjustments to Base			0	0
2000 Base			1	953
Program Changes			0	0
2000 APPROPRIATION			1	953

Comparison by Activity

	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
DIRECT OBLIGATIONS	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
Systems Acquisition:								
Administrative expenses	1	$953	1	$953	1	$953	0	$0
Payment of claims & other services		1,532					0	0
TOTAL OBLIGATIONS	1	2,485	1	953	1	953	0	0
FINANCING								
Unobligated balance, start of year		(1,532)						
TOTAL APPROPRIATION	1	953	1	953	1	953	0	0

APPROPRIATION: Foreign Fishing Observer Fund

Summary of Requirements

	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted			0	$189
Adjustments to Base			0	0
2000 Base			0	189
Program Changes			0	0
2000 APPROPRIATION			0	189

Comparison by Activity

	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
DIRECT OBLIGATIONS	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
Foreign fishing observer fund	0	$1,596	0	$189	0	$189	0	$0
TOTAL OBLIGATIONS	0	1,596	0	189	0	189	0	0
FINANCING								
Unobligated balance, start of year		(1,407)						
TOTAL APPROPRIATION	0	189	0	189	0	189	0	0

APPROPRIATION: Fisheries Finance Program Account

Summary of Requirements

	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted			0	$28,338
Adjustments to Base			0	0
2000 Base			0	28,338
Program Changes			24	(18,080)
2000 APPROPRIATION			24	10,258

Comparison by Activity

	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
DIRECT OBLIGATIONS	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
Payment of claims & other services	0	$28,360	0	$28,338	24	$10,258	24	($ 18,080)
TOTAL OBLIGATIONS	0	28,360	0	28,338	24	10,258	24	(18,080)
FINANCING								
Unobligated balance, start of year		(22)						
TOTAL APPROPRIATION	0	28,338	0	28,338	24	10,258	24	(18,080)
Proposed Supplemental	0	3,120	0	0	0	0	0	0
APPROPRIATION WITH SUPPLEMENTAL	0	31,458	0	28,338	24	10,258	24	(18,080)

This account was established in FY 1997 to cover the cost of financing direct loans as authorized by the Magnuson-Stevens Fisheries Conservation and Management Act Amendments of 1996. The FY 2000 President's Budget requests a net decrease of $18.1 million, which is comprised of a decrease of $28.0 million for direct loan payments, offset partially by an increase of $1.7 million to cover administrative expenses associated with the Federal Ship Financing Fund and an increase of $8.0 million to reduce harvesting capacity in the Northeast scallop fishery. The latter increase will be used to buyout vessels in this overcapitalized fishery through a combination of direct payouts and loans repaid through the collection of fisheries fees.

APPROPRIATION: Promote and Develop American Fishery Products & Research pertaining to American Fisheries

Summary of Requirements

	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted			5	$0
Transfers				
From Department of Agriculture		$66,426		
Interbureau transfer		(63,381)		
Total, Transfers			0	3,045
Adjustments to Base			0	0
2000 Base			5	3,045
Program Changes			0	(1,545)
TOTAL REQUIREMENTS			5	1,500
Transfers				
From Department of Agriculture			0	(66,426)
To NOAA ORF				64,926
2000 APPROPRIATION			5	0

Comparison by Activity

	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
DIRECT OBLIGATIONS	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
Administrative expenses	5	$566	5	$566	5	$566	0	$0
Grants	0	3,654	0	2,479	0	934	0	(1,545)
TOTAL OBLIGATIONS	5	4,220	5	3,045	5	1,500	0	(1,545)
FINANCING								
Unobligated balance, start of year		(1,175)						
TOTAL BUDGET AUTHORITY	5	3,045	5	3,045	5	1,500	0	(1,545)
TRANSFERS								
From Department of Agriculture	0	(66,426)	0	(66,426)	0	(66,426)	0	0
To "Operations, Research & Facilities"		63,381		63,381		64,926	0	1,545
TOTAL APPROPRIATION	5	0	5	0	5	0	0	0

The American Fisheries Promotion Act of 1980 authorized a grants program for fisheries research and development projects to be carried out with Saltonstall-Kennedy (S-K) funds. S-K funds are derived from duties on imported fisheries products; 30% of these duties are transferred from the Department of Agriculture to the Department of Commerce. The FY 2000 budget estimate of the transfer is $66.4 million. Of this amount, $1.5 million will be used for the grants program, and the remaining $64.9 million will be transferred to ORF.

APPROPRIATION: Damage Assessment & Restoration Revolving Fund

Summary of Requirements

	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted			0	($ 1,500)
Financing				0
Transfers				0
Adjustments to Base				
Maintain fee collections in DARRF				1,500
2000 Base			0	.0
Program Changes			0	0
TOTAL BUDGET AUTHORITY			0	0

Comparison by Activity

	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
DIRECT OBLIGATIONS	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
DARRF	0	$7,793	0	$1,500	0	$1,500	0	$0
Unobligated balance, transfer from DOI		4,097		2,684		2,684	0	0
Unobligated balance, transfer to ORF		(4,097)		0		0	0	0
TOTAL OBLIGATIONS	0	7,793	0	4,184	0	4,184	0	0
FINANCING								
Estimated collections		(1,500)		(1,500)		(1,500)	0	0
Unobligated balance, start of year		(7,793)					0	0
Obligated In Fund		0		(2,684)		(2,684)	0	0
TOTAL BUDGET AUTHORITY	0	(1,500)	0	0	0	0	0	0
TRANSFERS								
To "Operations, Research & Facilities"		1,500		0		0	0	0
TOTAL APPROPRIATION	0	0	0	0	0	0	0	0

This fund was established in 1990 to facilitate oil and hazardous material spill response, damage assessment and natural resources restoration activities. The Fund retains sums transferred by parties or government entities for future use. The source of these funds are settlements and awards by the courts. In FY 2000, funds for assessing damage and for effecting restoration measures will no longer be transferred to the ORF account and will be spent in DARRF, as authorized. Receipts from settlements are expected to be $1.5 million in FY 2000.

APPROPRIATION: Coastal Zone Management Fund

Summary of Requirements

	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted			51	$4,000
Adjustments to Base				
Transfer to ORF			(51)	(4,000)
2000 Base			0	0
Program Change			0	0
TOTAL BUDGET AUTHORITY			0	0
Transfer to ORF			0	4,000
APPROPRIATION			0	4,000

Comparison by Activity

	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
DIRECT OBLIGATIONS	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
Coastal Zone Management	51	$4,000	0	$0	0	$0	0	$0
TOTAL OBLIGATIONS	51	4,000	0	0	0	0	0	0
FINANCING								
Unobligated balance, start of year		(593)		(593)		(593)	0	0
Unobligated balance, end of year		593		593		593	0	0
Transfer to ORF		0		4,000		4,000	0	0
TOTAL APPROPRIATION	51	4,000	0	4,000	0	4,000	0	0
Less: Offsetting collections		(4,000)		(4,000)		(4,000)	0	0
TOTAL BUDGET AUTHORITY	51	0	0	0	0	0	0	0

In FY 2000, NOAA proposes to transfer authorized funding to the ORF account for obligation to facilitate operation of the fund which is expected to continue experiencing declining receipts.

APPROPRIATION: Federal Ship Financing Fund

Summary of Requirements

	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted			0	$0
Financing				
Adjustments to Base			0	0
2000 Base			0	0
Program Changes			0	0
2000 APPROPRIATION			0	0

Comparison by Activity

DIRECT OBLIGATIONS	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
Support services	0	$0	0	$0	0	$0	0	$0
TOTAL OBLIGATIONS	0	0	0	0	0	0	0	0
FINANCING								
Unobligated balance, start of year		(3,179)		0		0	0	0
Unobligated balance transfer to Gen. Fund		3,179		0		0	0	0
TOTAL APPROPRIATION	0	0	0	0	0	0	0	0

APPROPRIATION: Fisheries Promotional Fund

Summary of Requirements

	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted			0	$0
Financing				
Rescission of Unobligated Balances			0	(1,186)
2000 Base			0	(1,186)
Program Changes			0	0
2000 APPROPRIATION			0	(1,186)

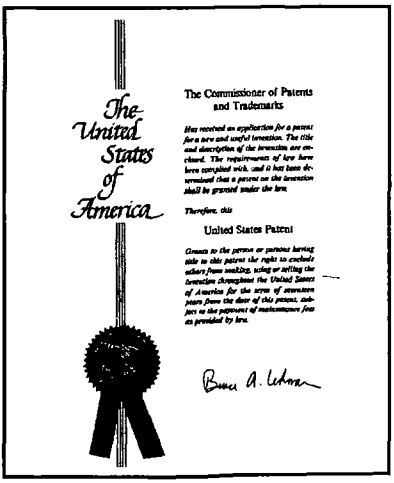
Comparison by Activity

DIRECT OBLIGATIONS	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
Fisheries promotion	0	$0	0	$0	0	$0	0	$0
TOTAL OBLIGATIONS	0	0	0	0	0	0	0	0
FINANCING								
Unobligated balance, start of year		(1,186)		(1,186)		(1,186)	0	0
Unobligated balance, end of year		1,186		0		0	0	0
TOTAL BUDGET AUTHORITY (rescission)	0	0	0	(1,186)	0	(1,186)	0	0

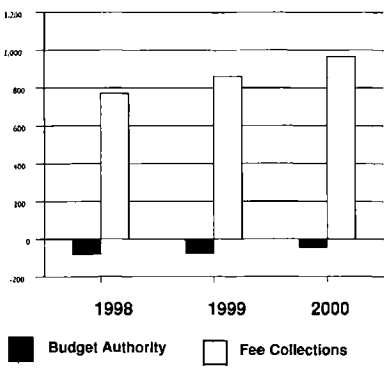
PATENT AND TRADEMARK OFFICE

The Patent and Trademark Office (PTO) is charged with administering the patent and trademark laws of the United States. PTO examines patent applications, grants patent protection to qualified inventions and disseminates technological information disclosed in patents. PTO also examines trademark applications and provides Federal registration to owners of qualified trademarks.

The PTO will spend $922 million in FY 2000 (which includes $20 million to be transferred to the Office of Personnel Management for PTO post-retirement benefits) to keep pace with rapid workload growth and to make significant investments in process automation. Offsetting collections will total $966 million in FY 2000 from fees charged pursuant to 15 U.S.C. 1113 and 35 U.S.C. 41 and 376. Fee income over and above the PTO spending level will be available in FY 2001 to offset processing costs of applications received in FY 2000, as well as anticipated space consolidation costs.



PTO Funding
(Dollars in Thousands)



PTO supports all three Department Strategic Themes. PTO's goal under Economic Infrastructure is the protection of intellectual property rights. Under Science/Technology/ Information, PTO's goal is promoting awareness of patent and trademark information. Under Resources/Assets Management / Stewardship, PTO's goal is granting exclusive rights for intellectual property. For FY 2000, PTO will focus on the following performance measures:

Measures and Targets Summary

Goal	Measure	Target
Help protect, promote and expand intellectual property rights systems throughout the United States and abroad	Number of technical assistance activities completed	80
Grant exclusive rights, for limited times, to inventors for their discoveries	Average cycle time of original inventions processed (months)	10.2
	Percent of customers satisfied	70%
Enhance trademark protection	Pendency time to registration (months)	3.0 to first action 13.8 to disposal/ registration
	Percent of customers satisfied	80
Promote awareness of, and provide effective access to, patent and trademark information	Percent of key products and services meeting schedules or cycle time of standards	80

SUMMARY OF APPROPRIATIONS

(Dollars in Thousands)

Funding Levels

	1998	1999	2000 Estimate	Increase (Decrease)
From New Offsetting Collections	$691,000	$674,026	$805,976	$131,950
From Prior Year Offsetting Collections	...	108,316	115,774	7,458
Fee Collections	(772,316)	(860,800)	(965,741)	(104,941)
1998 Fee Collections Not Available Until FY 1999	108,316			
1999 Fee Collections Not Available Until FY 2000		115,774		(115,774)
2000 Fee Collections Not Available Until FY 2001			159,765	159,765
TOTAL APPROPRIATION	27,000	37,316	115,774	78,458
Unavailable Offsetting Collections due to limitation in current year and becoming available in following year	(108,316)	(115,774)	(159,765)	(43,991)
TOTAL BUDGET AUTHORITY	(81,316)	(78,458)	(43,991)	34,467
SURCHARGE FUND DEPOSITS	119,000	...	...	...
PERMANENT POSITIONS	5,889	7,061	7,289	228

HIGHLIGHTS OF BUDGET CHANGES

APPROPRIATION: Operations and Administration

Summary of Requirements

	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted				
Fee collections in 1999			7,061	$795,605
Funds Currently Available, 1999			7,061	795,605
Adjustments to Base				
Other Changes				
1999 Pay raise		$4,170		
2000 Pay raise		13,139		
Payment to the Working Capital Fund		0		
Full year cost in FY 2000 of positions financed in FY 1999		13,291		
Within-grade step increases		4,447		
Civil Service Retirement and Disability Fund		0		
Civil Service Retirement System(CSRS)		(656)		
Federal Employees' Retirement System(FERS)		825		
Thrift Savings Plan		154		
Federal Insurance Contributions Act (FICA) -OASDI		500		
Health Insurance		1,257		
Employees' Compensation Fund		(112)		
Rent payments to GSA		1,446		
Postage		107		
FTS		160		
Printing and reproduction		1,064		
Other services:				
Working Capital Fund		4,785		
Commerce Administrative Management System (CAMS)		0		
NARA Storage and Maintenance		513		
General Pricing Level Adjustment		2,504		
Subtotal, other cost changes			0	47,594
Less Amount Absorbed			0	(26,098)
TOTAL, ADJUSTMENTS TO BASE			0	21,496
2000 Base			7,061	817,101
Program Changes			228	104,949
TOTAL REQUIREMENTS			7,289	922,050
Total Offsetting Fee Collections			0	(965,741)
Portion Not Available for Obligation (Limitation on Obligation)				159,765
Less Federal Reimbursements				(300)
2000 APPROPRIATION			7,289	115,774

Comparison by Activity

	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
DIRECT OBLIGATIONS	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
Patents	5,697	$634,497	5,660	$645,193	5,850	$713,451	190	$68,258
Trademarks	998	99,416	1,033	99,013	1,065	109,312	32	10,299
Information Dissemination	265	53,510	267	52,541	263	57,336	(4)	4,795
Policy	101	19,482	101	20,354	111	21,910	10	1,556
Indirect Cost Transfer to OPM	...	...	...	...	...	20,041	0	20,041
TOTAL OBLIGATIONS	7,061	806,905	7,061	817,101	7,289	922,050	228	104,949
FINANCING								
Fees		(860,800)				(965,741)		
Prior year Recoveries/Federal Reimb.		(11,300)				(300)		
Unobligated Balance, Start of Year		(13,263)				159,765		
Offsetting Collections Not Available for Obligation		115,774				...		
APPROPRIATION		37,316				115,774		
Unavailable Offsetting Collections due to limitation in current year and becoming available in following year		(115,774)				(159,765)		
BUDGET AUTHORITY		(78,458)				(43,991)		

Highlights of Program Changes

	Base		Increase / Decrease	
	Permanent Positions	Amount	Permanent Positions	Amount
Patent Business	5,660	$645,193	+190	+$68,258

An increase (+190 positions; +$68,258) is requested for Patent Business activities. This program level will provide resources needed to address the projected growth in workloads and deliver our *Year 2000 Commitments* by increasing our complement of high-performing examiners, expanding existing electronic workplace systems, and enhancing the quality of the examination process.

Trademark Business	1,033	99,013	+32	+10,299

An increase (+32 positions; +$10,299) is requested for Trademark Business activities. This program level will provide resources needed to address the projected growth in workloads and deliver our *Year 2000 Commitments* by hiring additional trademark examining attorneys, implementing an alternative compensation system, continuing development of trademark automated systems, and processing additional trademark opposition and appeal cases.

Information Dissemination Business	267	52,541	(4)	+4,795

Program changes (-4 positions; +$4,795) are requested for Information Dissemination Business activities. This program level will provide resources needed to deliver our *Year 2000 Commitments* by processing increased workloads and by providing additional patent and trademark data on the PTO Web Site.

Policy	101	20,354	+10	+1,556

An increase (+10 positions; +$1,556) is requested for Policy activities. This program level will provide resources needed to enhance our international and legislative activities such as the Agreement on Trade-Related Aspects of Intellectual Property (TRIPS) and the Secretary's Africa initiative.

Offsetting Collections		817,101		+104,949

Fiscal year 2000 projected fee income totals $966 million.

TECHNOLOGY ADMINISTRATION
Office of the Secretary / Office of Technology Policy

Led by the Under Secretary for Technology, the Technology Administration (TA) is the focal point for civilian technology and competitiveness issues within the Administration. TA is the primary agency within the Federal government that works in partnership with the private sector to improve U.S. industrial competitiveness and to exercise leadership as the private sector's advocate.

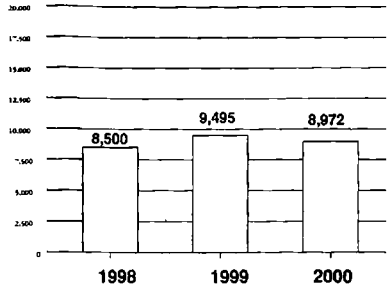
The Under Secretary for Technology oversees three agencies: the Office of Technology Policy (OTP), the National Institute of Standards and Technology, and the National Technical Information Service, as well as the Office of Air and Space Commercialization within the Office of the Under Secretary.

The Under Secretary and the Office of Technology Policy are responsible for coordinating a National technology policy. The Under Secretary serves on the Executive Committee of the Committee on Technology within the President's National Science and Technology Council, which helps establish priorities for research and development in the areas of materials, construction and building, manufacturing infrastructure, electronics and automotive technologies. The Under Secretary also chairs the high-level coordinating committee overseeing the Partnership for a New Generation of Vehicles Initiative (PNGV), a unique 10-year partnership between the Federal government and the Nation's automakers.

OTP works to promote technology development and commercialization by serving as the Federal government's primary advocate and analyst for innovation and industrial competitiveness. OTP administers the National Medal of Technology, a Presidential award program that celebrates America's spirit of innovation and recognizes excellence in technological innovation and commercialization.

US/OTP Funding

(Dollars in Thousands)



OTP will also continue its Partnership for a Competitive Economy (PACE) initiative. Working with state and local government, business and academia, OTP conducts conferences around the country to maintain a dialogue on how the Federal government can help companies compete in the global economy.

The activities under this account support theme 2 of the Commerce Strategic Plan: Keep America competitive with cutting-edge science and technology and a world-class information base.

A brief listing of goals, performance measures and targets for US/OTP, NTIS and NIST appears on the following page. A more detailed presentation of goals, objectives, and performance measures is found in the Department's Annual Performance Plan and TA's budget justification.

Measures and Targets Summary

Goal	Measure	Target
Assure and improve measurements and standards	Standard reference materials available	1,330
	Standard reference data titles available	64
	Number of items calibrated	3,250
	Technical publications	2,150
Stimulate advanced technologies	Cumulative number of technologies under commercialization	180
	Cumulative number of patents filed	900
	Cumulative number of publications	690
Assist small manufacturers	Increased sales attributed to MEP assistance	$520m
	Labor & material savings attributed to MEP assistance	$59m
	Capital investment attributed to MEP assistance	$379m
	Inventory savings attributed to MEP assistance	$75m
Promote performance and quality management	Number of applications per year to MBNQA and Baldrige - based state quality awards	1,395
Analyze and develop technology policies	Reports published annually	5
Collect and disseminate information	Number of items in archive	$3.0m
	Documents reproduced from electronic media	$0.29m

SUMMARY OF APPROPRIATIONS

(Dollars in Thousands)

Funding Levels

Appropriation	1998	1999	2000 Estimate	Increase (Decrease)
Salaries and Expenses	$8,500	$9,495	$8,972	(523)
PERMANENT POSITIONS				
Salaries and Expenses	50	52	52	0
Reimbursable	1	1	1	0
Total	51	53	53	0

HIGHLIGHTS OF BUDGET CHANGES

APPROPRIATION: Operations and Administration

Summary of Requirements

	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted			52	$9,495
Adjustments to Base				
Other Changes				
1999 Pay raise		$37		
2000 Pay raise		131		
Payment to the Working Capital Fund		9		
Civil Service Retirement System(CSRS)		(10)		
Federal Employees' Retirement System(FERS)		13		
Thrift Savings Plan		2		
Federal Insurance Contributions Act (FICA) -OASDI		13		
Health Insurance		3		
Employees' Compensation Fund		(40)		
Travel		4		
Rent payments to GSA		13		
Communications, utilities & misc.		3		
Printing and reproduction		7		
Other services:				
Working Capital Fund		84		
Other services		12		
General Pricing Level Adjustment		3		
Subtotal, other cost changes			0	284
Less Amount Absorbed			0	(105)
TOTAL, ADJUSTMENTS TO BASE			0	179
2000 Base			52	9,674
Program Changes			0	(702)
2000 APPROPRIATION			52	8,972

Comparison by Activity

	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
DIRECT OBLIGATIONS	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
Under Secretary / Office of Technology Policy	52	$11,133	52	$9,674	52	$8,972	0	($ 702)
TOTAL DIRECT OBLIGATIONS	52	11,133	52	9,674	52	8,972	0	(702)
REIMBURSABLE OBLIGATIONS	1	575	1	575	1	575	0	0
TOTAL OBLIGATIONS	53	11,708	53	10,249	53	9,547	0	(702)
FINANCING								
Unobligated balance, start of year		(1,638)						
Offsetting collections from:								
Federal funds	(1)	(575)			(1)	(575)		
Non-Federal sources								
Subtotal, financing	(1)	(2,213)			(1)	(575)		
TOTAL BUDGET AUTHORITY	52	9,495			52	8,972		

Highlights of Program Changes

	Base		Increase / Decrease	
	Permanent Positions	Amount	Permanent Positions	Amount
Office of the Under Secretary / Office of Technology Policy	52	$9,674	0	-$702

A decrease (-0 pos.; -$1,702) is included for the Experimental Program to Stimulate Competitive Technology (EPSCoT) initiative, which is designed to foster development of indigenous technology assets in states and regions traditionally under represented in Federal R&D funding in order to foster technology-based regional economic growth. In FY 2000, we will conduct a full-scale program evaluation assessing the management, direction, and effectiveness of the program in meeting its stated objectives, as well as conducting a current needs assessment. By FY 2000, EPSCoT will have conducted two grant competitions and most of the projects funded under the first grant competition will be complete or nearing completion. No grants will be made in FY 2000.

An increase (+0 pos.; +$1,000) is included for US/OTP to support current service levels and expand efforts in several key areas. US/OTP will build on its successful efforts to help the nation meet the rapidly growing demand for information technology workers. US/OTP will work closely with industry, state and local governments, and educational institutions at all levels to develop innovative strategies and programs to educate and train American workers for these high quality, high wage jobs. In FY 2000, US/OTP will build on existing PNGV programs within the Technology Administration to help the automotive supplier base and states whose economies are linked closely to the automotive sector prepare for the rapid development and deployment of new automotive technologies and the expected introduction of new and reformulated fuels so that they might seize the opportunities that will emerge.

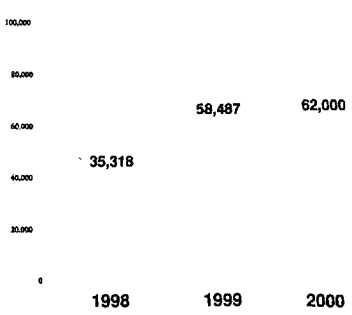
National Technical Information Service

The National Technical Information Service (NTIS), a component of the Technology Administration, operates this revolving fund for the payment of all expenses incurred in collecting, preserving, and disseminating scientific, technical, engineering and other business-related information from Federal and international sources and disseminating it to the American business and industrial research community. In 2000, the Administration intends to submit legislation clarifying NTIS' mission while providing it with greater flexibility.

The activities under this account support the Science, Technology and Information strategic theme of the Commerce Strategic Plan. The first objective is to play a leadership role in assisting Federal agencies with dissemination of their scientific, technical and business information. The second objective is to provide the services and infrastructure to organize scientific, technical, and business-related information and deliver it to NTIS customers effectively.

NTIS Funding

(Total Obligation Dollars in Thousands)



SUMMARY OF APPROPRIATIONS

(Dollars in Thousands)

Funding Levels

Appropriation	1998	1999	2000 Estimate	Increase (Decrease)
NTIS Revolving Fund	$0	$0	$2,000	2,000
Total Appropriation	0	0	2,000	2,000
Transfer of Y2K Funds (105-277) into NTIS Revolving Fund	0	1,000	0	(1,000)
Total Budget Authority	0	1,000	2,000	1,000
PERMANENT POSITIONS				
NTIS Revolving Fund (Direct)	0	0	[25]	[25]
Reimbursable	456	456	432	(24)
Total	456	456	432	(24)

HIGHLIGHTS OF BUDGET CHANGES

APPROPRIATION: Revolving Fund

Summary of Requirements

	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted				
Transfer of Y2K funds Pursuant to P.L. 105-277			0	$1,000
Adjustments to Base				
Adjustments				
Non-recurring items			0	(1,000)
Less Amount Absorbed			0	0
TOTAL, ADJUSTMENTS TO BASE			0	(1,000)
2000 Base			0	0
Program Changes			[25]	2,000
2000 APPROPRIATION			[25]	2,000

Comparison by Activity

	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
DIRECT OBLIGATIONS	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
National Technical Information Service	0	$1,000	0	$0	[25]	$2,000	0	$2,000
TOTAL DIRECT OBLIGATIONS	0	$1,000	0	$0	[25]	$2,000	0	$2,000
REIMBURSABLE OBLIGATIONS	456	$57,487	456	$57,487	432	$60,000	0	$2,513
TOTAL OBLIGATIONS	456	58,487	456	57,487	432	62,000	0	4,513
FINANCING								
Unobligated balance, start of year		(2,987)						
Offsetting collections from:								
Federal funds		(23,980)				(29,000)		
Non-Federal sources		(30,520)				(31,000)		
Subtotal, financing	(456)	(57,487)			(432)	(60,000)		
TOTAL BUDGET AUTHORITY	0	1,000			0	2,000		

Highlights of Program Changes

	Base		Increase / Decrease	
	Permanent Positions	Amount	Permanent Positions	Amount
National Technical Information Service	0	$0	[25]	+$2,000

This appropriation partially funds the costs associated with the organization and preservation of technical information. In 2000, the Administration also intends to submit legislation clarifying NTIS' mission while providing it with greater flexibility.

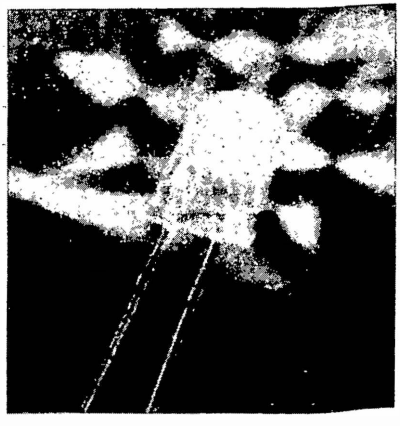
National Institute of Standards and Technology

The National Institute of Standards and Technology (NIST) is responsible for the measurement foundation which supports U.S. industry, government and scientific establishments. NIST promotes U.S. economic growth by working with industry to develop and apply technology, measurements, and standards. NIST carries out this mission through four major programs.

The **Measurement and Standards Laboratory (MSL)** research program focuses on providing the standards, verified data, and test methods required for new technologies and competing in the global economy. The world-class scientific and technical staff works closely with private industry, academic researchers, and other government agencies.

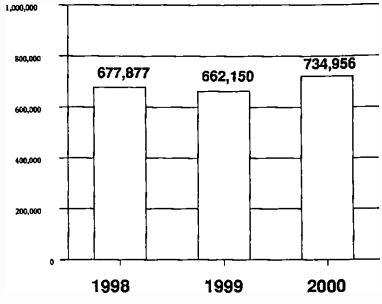
The **Advanced Technology Program (ATP)** makes cost-shared awards to accelerate commercialization of broad-based, high risk technologies with significant commercial potential.

The **Manufacturing Extension Partnership (MEP) Program** assists small- and medium-sized companies in assimilating new technologies and manufacturing practices through government-industry partnerships and extension services.



NIST Funding

(Total Obligation Dollars in Thousands)



The **Baldrige National Quality Program (BNQP)** is a highly visible quality management program, focused on instilling the principles of continuous quality improvement in American businesses.

In addition, NIST has initiated a long-term program to upgrade its physical plant. Significant and sustained investment in existing facilities, which are 35 to 45 years old, is required to meet the demanding physical and environmental parameters of NIST research in the 21st century. The FY 2000 budget includes funding to initiate construction of an Advanced Metrology Laboratory and address priority repairs and safety problems.

NIST supports two of Commerce's Strategic Themes. NIST's goals under the Economic Infrastructure theme include: 1) assisting small manufacturers (MEP); and 2) promoting performance and quality management (BNQP). NIST's goals under Science/Technology/Information include: 1) assuring and improving measurements and standards (MSL); and 2) stimulating advanced technologies (ATP).

A more detailed presentation of goals, objectives, and performance measures is found in the Department's Annual Performance Plan and NIST's budget justification.

SUMMARY OF APPROPRIATIONS

(Dollars in Thousands)

Funding Levels

Appropriation	1998	1999	2000 Estimate	Increase (Decrease)
Scientific and Technical Research and Services	$276,852	$280,136	$289,622	9,486
Industrial Technology Services	306,000	304,300	338,536	34,236
Construction of Research Facilities	95,000	56,714	106,798	50,084
Total Appropriation	677,852	641,150	734,956	93,806
Transfer of Y2K Funds (P.L. 105-277)		21,000		(21,000)
Transfer from Executive Office of the President (P.L. 105-61)	25	0	0	0
Less Working Capital Fund	[250]	[398]	[282]	0
TOTAL BUDGET AUTHORITY	677,877	662,150	734,956	72,806
PERMANENT POSITIONS				
Scientific and Technical Research and Services	2,041	2,062	2,011	(51)
Industrial Technology Services	377	377	379	2
Construction of Research Facilities	32	32	32	0
Reimbursable	712	691	691	0
Total	3,162	3,162	3,113	(49)

HIGHLIGHTS OF BUDGET CHANGES

APPROPRIATION: Scientific and Technical Research and Services

Summary of Requirements

	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted			2,062	$280,136
Adjustments to Base				
Adjustments				
Restoration of FY 1999 Deobligation Offset				1,000
Other Changes				
1999 Pay raise		$1,360		
2000 Pay raise		5,207		
Payment to the Working Capital Fund		48		
Within-grade step increases		1,542		
Civil Service Retirement System(CSRS)		(335)		
Federal Employees' Retirement System(FERS)		421		
Thrift Savings Plan		79		
Federal Insurance Contributions Act (FICA) -OASDI		240		
Health Insurance		315		
Employees' Compensation Fund		19		
Travel		96		
Rent payments to GSA		2		
Postage		26		
Federal Telecommunications System		12		
Printing and reproduction		34		
Other services:				
Working Capital Fund		2,095		
Commerce Administrative Management System (CAMS)		2,277		
Other services		362		
NARA Storage and Maintenance		30		
General Pricing Level Adjustment		586		
Reactor Fuel		27		
Subtotal, other cost changes			0	14,443
Less Amount Absorbed			(30)	(4,620)
TOTAL, ADJUSTMENTS TO BASE			(30)	10,823
2000 Base			2,032	290,959
Program Changes			(21)	(337)
TOTAL REQUIREMENTS			2,011	290,622
Recoveries from prior year obligations			0	(1,000)
2000 APPROPRIATION			2,011	289,622

Comparison by Activity

	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
DIRECT OBLIGATIONS	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
Electronics & electrical engineering	276	$38,509	272	$39,815	267	$39,115	(5)	($700)
Manufacturing engineering	155	19,714	153	20,151	149	19,751	(4)	(400)
Chemical science & technology	242	33,032	238	33,730	236	33,898	(2)	168
Physics	191	28,816	188	29,461	184	28,961	(4)	(500)
Materials science & engineering	362	52,393	358	53,285	353	52,685	(5)	(600)
Building & fire research	107	15,136	105	15,464	101	13,764	(4)	(1,700)
Computer science & applied math.	327	44,830	322	45,662	325	47,762	3	2,100
Technology assistance	111	17,524	109	17,801	107	18,314	(2)	513
National quality program	40	4,874	39	5,046	39	5,046	0	0
Research support activities	251	31,873	246	30,544	250	31,044	2	500
TOTAL DIRECT OBLIGATIONS	2,062	286,801	2,032	290,959	2,011	290,340	(21)	(619)
FINANCING								
Unobligated balance, start of year		(6,063)				0		
Recovery of prior year obligations		(1,000)				(1,000)		
Subtotal, financing	0	(7,063)			0	(1,000)		
TOTAL BUDGET AUTHORITY	2,062	279,738			2,011	289,340		
Transfer to Working Capital Fund		398				282		
TOTAL APPROPRIATION	2,062	280,136			2,011	289,622		

Highlights of Program Changes

	Base		Increase / Decrease	
	Permanent Positions	Amount	Permanent Positions	Amount
Chemical Science and Technology	238	$33,730	+2	+1,000

An increase (+2 pos.; +$1,000) is included to stimulate and permit U.S. industry to develop a comprehensive approach to international technical and product standards that promotes open trade by removing standards-related barriers and provides mechanisms to support U.S. exports. NIST currently leads the world in disseminating chemical measurement standards, primarily as Standard Reference Materials (SRMs). NIST will expand its portfolio of SRMs by establishing international agreements assuring mutual recognition of SRMs and analogous materials produced by other countries.

Technology Assistance	109	17,801	+0	+1,000

An increase (0 pos.; +$1,000) is included to stimulate and permit U.S. industry to develop a comprehensive approach to international technical and product standards that promotes open trade by removing standards-related barriers and provides mechanisms to support U.S. exports.

Building and Fire Research	105	15,464	-0	-1,200

A decrease (0 pos.; -$1,200) is included to reflect conclusion of a collaborative effort with Texas Tech University focusing on wind research.

Computer Science and Applied Mathematics	322	45,662	+8	+3,000

An increase (+8 pos.; +$3,000) is included to develop and disseminate standards, measurements, and testing methodologies needed to protect the information technology (IT) elements of critical national infrastructures.

Research Support Activities	248	30,544	+2	+500

An increase (+2 pos.; +$500) is included to begin development of a program for professional development of mathematics and science teachers of elementary, middle, and secondary schools.

Measurement and Standards Laboratory Research Programs Base Cut

	1,993	285,913	-33	-4,637

A decrease (-33 pos.; -$4,637) is included to recognize the program evolution of NIST's measurement science base to reflect changing program demands and priorities.

APPROPRIATION: Industrial Technology Services

Summary of Requirements

	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted			377	$325,300
Adjustments to Base:				
Adjustments				
Restoration of Prior Year Rescission			0	6,000
Non-recurring item - Y2K				(21,000)
Financing				
Unobligated balance (from FY 1999)				9,000
Recoveries from prior year obligations				3,800
Other Changes				
1999 Pay raise		$251		
2000 Pay raise		941		
Payment to the Working Capital Fund		14		
Within-grade step increases		277		
Civil Service Retirement System(CSRS)		(61)		
Federal Employees' Retirement System(FERS)		76		
Thrift Savings Plan		14		
Federal Insurance Contributions Act (FICA) -OASDI		43		
Health Insurance		60		
Employees' Compensation Fund		(50)		
Travel		18		
Federal Telecommunication System		4		
Postage		8		
Printing and reproduction		8		
Other services:				
Working Capital Fund		612		
Other services		208		
General Pricing Level Adjustment		103		
Subtotal, other cost changes			0	2,526
Less Amount Absorbed			0	(680)
TOTAL, ADJUSTMENTS TO BASE			0	(354)
2000 Base			377	324,946
Program Changes			2	26,390
TOTAL REQUIREMENTS			379	351,336
Unobligated balance				(9,000)
Recoveries from prior year obligations				(3,800)
2000 APPROPRIATION			379	338,536

Comparison by Activity

DIRECT OBLIGATIONS	1999 Currently Avail Perm Pos	1999 Currently Avail Amount	2000 Base Perm Pos	2000 Base Amount	2000 Estimate Perm Pos	2000 Estimate Amount	Increase / Decrease Perm Pos	Increase / Decrease Amount
Advanced Technology Program	270	$230,579	270	$217,000	270	$251,500	0	$34,500
Manufacturing Extension Partnership	107	128,129	107	107,946	109	99,836	2	(8,110)
TOTAL DIRECT OBLIGATIONS	377	358,708	377	324,946	379	351,336	2	26,390
FINANCING								
Unobligated balance, start of year		(33,408)		(9,000)		(9,000)		
Recovery of prior obligations		(9,000)		(3,800)		(3,800)		
Unobligated balance, end of year		9,000						
Subtotal, financing	0	(33,408)	0	(12,800)	0	(12,800)		
TOTAL BUDGET AUTHORITY	377	325,300	377	312,146	379	338,536		
Less Budget Authority Y2K		(21,000)						
Transfer to Working Capital Fund		0						
TOTAL, APPROPRIATION	377	304,300	377	312,146	379	338,536		

Highlights of Program Changes

	Base		Increase / Decrease	
	Permanent Positions	Amount	Permanent Positions	Amount
Advanced Technology Program	270	$217,000	+0	+34,500

An increase (+0 pos.; +$34,500) will permit the continued expansion of the ATP and will fund $73 million in new awards in FY 2000. This increase addresses a principal goal of the Department of Commerce and the Administration: to stimulate U.S. economic growth by developing high-risk and enabling technologies through industry-driven cost-shared partnerships. In FY 2000, the ATP will continue its use of a new competition structure begun in FY 1999 that combines the best features of both the general competitions and the focused program competitions. The FY 2000 competition will be open to all areas of technology, and project proposals will be evaluated and ranked in competition with others in the same technology area.

Manufacturing Extension Partnership	107	107,946	+2	-8,110

An increase (2 pos.; +$1,000) is included to gather, promote and cost-effectively deploy to all NIST-MEP manufacturing extension centers the highest priority best practices in areas such as employee development and service delivery, so that the quality and effectiveness of center services is enhanced and new services are quickly introduced to help small businesses achieve and maintain competitiveness in the global marketplace.

This one-time decrease (0 pos.; -$9,110) reflects the maturation of the nationwide center network. Although the number of centers is not expected to change, the Federal share of operating costs will decrease. The Administration believes that continued financial support for the centers is required to maintain their focus on the Nation's 382,000 small- and medium-sized manufacturers. However, continued funding will be provided at no more than one-third of the centers total annual operating costs.

APPROPRIATION: Construction of Research Facilities

Summary of Requirements

	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted			32	$56,714
Adjustments to Base				
Other Changes				
1999 Pay raise		$16		
2000 Pay raise		58		
Within-grade step increases		17		
Civil Service Retirement System(CSRS)		(4)		
Federal Employees' Retirement System(FERS)		5		
Thrift Savings Plan		1		
Federal Insurance Contributions Act (FICA) -OASDI		3		
Health Insurance		4		
Employees' Compensation Fund		0		
Travel		1		
Other services:				
Contracts / Other services		189		
General Pricing Level Adjustment		14		
Subtotal, other cost changes			0	304
Less Amount Absorbed			0	(220)
TOTAL, ADJUSTMENTS TO BASE			0	84
2000 Base			32	56,798
Program Changes			0	50,000
2000 APPROPRIATION			32	106,798

Comparison by Activity

	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
DIRECT OBLIGATIONS	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
Construction & Major Renovations	32	$139,010	32	$56,798	32	$106,798	0	$50,000
TOTAL DIRECT OBLIGATIONS	32	139,010	32	56,798	32	106,798	0	50,000
FINANCING								
Unobligated balance, start of year		(82,296)				0		
Unobligated balance, end of year								
Subtotal, financing	0	(82,296)			0	0		
TOTAL BUDGET AUTHORITY	32	56,714			32	106,798		
Transfer to Working Capital Fund	0	0			0	0		
TOTAL, APPROPRIATION	32	56,714			32	106,798		

Highlights of Program Changes

	Base		Increase / Decrease	
	Permanent Positions	Amount	Permanent Positions	Amount
Construction and Major Renovations	12	$40,000	0	+$55,000

This increase (0 pos.; +$55,000), along with the $40 million of base funding and $108.3 million that was appropriated over FY 1998 and FY 1999 for construction will allow NIST to award a contract for construction of the Advanced Measurement Laboratory (AML). An additional $15 million will be needed in FY 2001 for post-construction fit-up, relocation, and communications costs related to occupying the building. The total AML project cost is $218.3 million and will take 44 months to complete. This facility will provide NIST with the temperature, humidity, vibration and air cleanliness controls required to perform cutting-edge research in the 21st century.

Modifications and Improvements	20	16,798	0	-5,000

This decrease (0 pos.; -$5,000) provides a sufficient level of funding to address the highest priority safety, capacity, maintenance, and major repair projects in FY 2000. While a significant backlog of projects remains, this reduction is proposed to partially offset the cost of AML construction.

APPROPRIATION: Working Capital Fund

Comparison by Activity

	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
DIRECT OBLIGATIONS	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
Direct Obligations	0	$398	0	$0	0	$282	0	$282
Reimbursable Obligations	691	105,708	691	103,126	691	103,126	0	0
TOTAL OBLIGATIONS	691	106,106	691	103,126	691	103,408	0	282
FINANCING								
Unobligated balance, start of year		(32,497)				(32,497)		
Unobligated balance, end of year		32,497				32,497		
Offsetting collections from:								
Federal funds		(68,473)				(65,343)		
Non-Federal sources		(37,235)				(37,783)		
Subtotal, financing	0	(105,708)			0	(103,126)		
TOTAL BUDGET AUTHORITY	691	398			691	282		
TRANSFERS								
From STRS		(398)				(282)		
From ITS		0				0		
TOTAL, APPROPRIATION	691	0			691	0		

NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION

The National Telecommunications and Information Administration (NTIA) is the Executive Branch agency principally responsible for domestic and international telecommunications and information technology issues. NTIA works to spur innovation, encourage competition, help create jobs and provide consumers with more choices and better quality telecommunications products and services at lower prices.

For FY 2000, NTIA is requesting additional funding to: implement World Trade Organization requirements; enhance Federal radio spectrum management; upgrade the telecommunications research facility at Boulder, Colorado; and implement Presidential Decision Directive-63 on Critical Infrastructure Protection. In addition, funding increases are also requested for the two telecommunications-related grant programs, the Information Infrastructure Grants (IIG) and Public Telecommunications Facilities Program (PTFP).

The IIG program provides grants to community based nonprofit and other public organizations, to demonstrate and promote the practical applications of new telecommunications and information technologies that improve the quality of, and the public's access to education, health care, public safety and other community-based services.

The PTFP provides matching grants to community based public telecommunications entities for the planning and construction of facilities that provide educational and cultural service to the public. NTIA requests additional funding to assist public broadcasters with an orderly transition to digital broadcasting. The program will provide competitive grants to encourage the development of innovative, replicable applications of digital broadcasting and promote consolidation and efficiency within the public broadcasting system.

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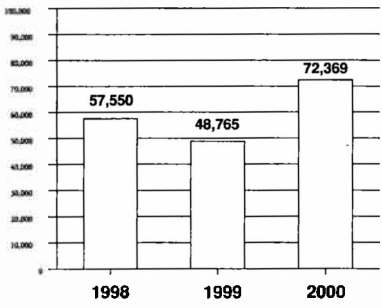
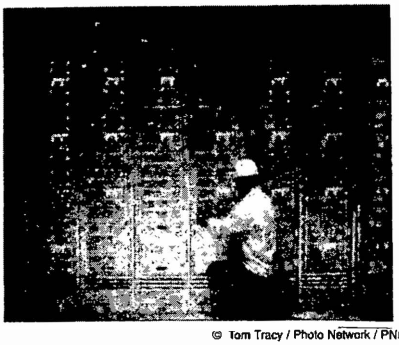
NTIA Funding

(Dollars in Thousands)



The President, following the recommendations of the Commission on Critical Infrastructure Protection (CIP), directed the establishment of an interagency program to address the Nation's need for protection of its critical infrastructures. The primary emphasis in this program is on lead agencies that have been given responsibilities for the protection of infrastructure sectors. NTIA is lead agency for the information and communications (I&C) sector and is building a program that will include both public and private sector input on I&C. In addition, NIST and NTIA are collaborating to provide CIP technical research which will be critical to strengthening the Nation's infrastructure.

NTIA's strategic planning process is designed to improve the management and effectiveness of the agency. With the resources available, NTIA will address priority issues in telecommunications and information today and maximize the return on those resources by utilizing agency expertise throughout its programs.



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NTIA's strategic planning process complements and extends the strategic plan of the Department of Commerce. All of NTIA's goals support one of the following Commerce themes and objectives:

A: Build for the future and promote U.S. competitiveness in the global market place, by strengthening and safeguarding the nation's economic infrastructure;

B: Keep America competitive with cutting-edge science and technology and an unrivaled information base;

C: Provide effective management and stewardship of our nation's resources and assets to ensure sustainable economic opportunities.

NTIA's four strategic goals are presented below, with examples of the performance measures the Agency is developing to assess the impact of their program activities. The measures focus on NTIA's priority programs and are not intended to cover every dollar in NTIA's budget. The performance measures will continue to evolve over time, as NTIA, the Department of Commerce, and the Federal Government as a whole continue to refine and enhance their capacity to develop performance measures, to use performance measurement as a key management tool, and to implement the GPRA.

NTIA STRATEGIC GOALS:

Goal 1: Promote open markets and encourage competition.

Goal 2: Ensure spectrum provides the greatest benefit to all people.

Goal 3: Advance the public interest in telecommunications, mass media and information.

Goal 4: Promote the availability and sources of advanced telecommunications and information services.

A more detailed presentation of goals, objectives, and performance measures is found in the Department's Annual Performance Plan and NTIA's budget justification.

Measures and Targets Summary

Goal	Measure	Target
Open Markets	Full compliance of countries with FY 2000 World Trade Organization (WTO) commitments	100%
Radio Spectrum Assignments	New spectrum assignments	200,000
Public Interest Promotion	Maintain or increase current telephone subscription rates	96%
	Increase internet accessibility and use	NA
Advanced Telecommunications	TIIAP grant awards / models	55

SUMMARY OF APPROPRIATIONS

(Dollars in Thousands)

Funding Levels

Appropriation	1998	1999	2000 Estimate	Increase (Decrease)
Salaries and Expenses	$16,550	$10,940	$17,212	$6,272
Public Telecommunications Facilities, Planning & Construction	21,000	21,000	35,055	14,055 0
Endowment for Children's Educational Television	0	(1,175)	0	1,175 0
Information Infrastructure Grants	20,000	18,000	20,102	2,102
Total Appropriation	57,550	48,765	72,369	23,604
Transfer of Y2K Funds (P.L. 105-277)		0		0
TOTAL BUDGET AUTHORITY	57,550	48,765	72,369	23,604
PERMANENT POSITIONS				
Salaries and Expenses	106	98	142	44
Reimbursable	138	148	148	0
Public Telecommunications Facilities, Planning & Construction	13	13	24	11 0
Endowment for Children's Educational Television	0	0	0	0 0
Information Infrastructure Grants	34	34	34	0
Total	291	293	348	55

HIGHLIGHTS OF BUDGET CHANGES

APPROPRIATION: Salaries and Expenses

Summary of Requirements

	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted			98	$10,940
Adjustments to Base				
Adjustments				
Non-recurring Item - Plenipotentiary Conference				(500)
Other Changes				
1999 Pay raise		$95		
2000 Pay raise		233		
Payment to the Working Capital Fund		31		
Full year cost in FY 2000 of positions financed in FY 1999		78		
Within-grade step increases		61		
Civil Service Retirement and Disability Fund		0		
Civil Service Retirement System(CSRS)		(29)		
Federal Employees' Retirement System(FERS)		36		
Thrift Savings Plan		7		
Federal Insurance Contributions Act (FICA) -OASDI		19		
Health Insurance		14		
Employees' Compensation Fund		(3)		
Travel		30		
Rent payments to GSA		28		
Postage		1		
FTS		3		
Printing and reproduction		4		
Other services:				
Working Capital Fund		509		
General Pricing Level Adjustment		10		
Subtotal, other cost changes			0	1,127
Less Amount Absorbed			0	(558)
TOTAL, ADJUSTMENTS TO BASE			0	69
2000 Base			98	11,009
Program Changes			44	6,203
2000 APPROPRIATION			142	17,212

Comparison by Activity

	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
DIRECT OBLIGATIONS	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
Domestic & International Policies	37	$4,298	37	$3,852	40	$4,352	3	$500
Spectrum Management	24	3,954	24	3,466	40	7,166	16	3,700
Telecommunication Sciences Research	37	3,533	37	3,691	62	5,894	25	2,003
TOTAL DIRECT OBLIGATIONS	98	11,785	98	11,009	142	17,212	44	6,203
REIMBURSABLE OBLIGATIONS	148	19,771	148	20,544	148	21,344	0	800
TOTAL OBLIGATIONS	246	31,556	246	31,553	290	38,556	44	7,003
FINANCING								
Unobligated balance, start of year		(845)						
Offsetting collections from:								
Federal funds	(148)	(19,271)			(148)	(20,844)		
Non-Federal sources		(500)				(500)		
Subtotal, financing	(148)	(20,616)			(148)	(21,344)		
TOTAL BUDGET AUTHORITY	98	10,940			142	17,212		

Highlights of Program Changes

	Base		Increase / Decrease	
	Permanent Positions	Amount	Permanent Positions	Amount
Spectrum Management	24	$3,466	+16	+$3,700

A program increase (+0 pos; +$200) is proposed to improve the use of spectrum through increased sharing and spectrum efficiency. This is the second phase of a four-year spectrum modernization effort. This phase will develop specifications for a secure two-way communications network from NTIA to Interdepartment Radio Advisory Committee (IRAC) agencies. Plans will also be developed to build software that will give private sector firms the ability to test their radiocommunications systems for compatibility to agency standards. (Note: NTIA is also requesting $800,000 in increased spectrum reimbursements to fund this initiative.)

An increase (+13 pos; +$2,500) is requested to carry out the lead agency responsibilities for the CIP information and communications sector. As lead agency, NTIA will work to ensure that both public and private sector perspectives on infrastructure assurance are reflected in all deliberations; establish and maintain channels of communication with all entities, both public and private, domestic and foreign; develop and implement an awareness and educations program for the sector; develop and propose legislation and regulations that will enhance infrastructure assurance programs.

An increase (+3 pos; +$1,000) is requested to establish the Information Sharing Analysis Center (ISAC) as directed in Presidential Decision Directive-63. Departments with lead agency functions will establish ISACs which will analyze, gather, and distribute information from the private sector to other industry companies as well as those Government entities specific to the information and communications sector.

Domestic and International Policies	37	$3,852	+3	+$500

An increase (+3 pos; +$500) is proposed to allow NTIA to work with developing countries to implement the pro-competitive regulatory principles adopted by the World Trade Organization (WTO) in 1997. NTIA can help maximize the benefits of the agreement for the U.S. industry by assisting developing counties.

Country assistance would consist of a three-step process where the first step would assess a country's current regulatory environment and assist officials with understanding the scope of the changes needed to meet the commitments under the WTO agreement. The second step would be a three to five day workshop on basic telecommunications topics. The third and final step would be to provide ongoing support and assistance to the participating countries.

Telecommunication Sciences Research	37	$3,691	+25	+$2,003

A program increase (+18 pos; +$1,200) is proposed to provide the capability of measuring new broadband technologies and support the spectrum management needs of U.S. industry, NTIA and the FCC. The first year will be devoted to upgrading; subsequent years will address other broadband R&D facilities.

An increase (+7 pos; +$803) is proposed to establish the program's structure and staffing and strengthen the Institute for Telecommunication Sciences laboratory existing lab and field test capabilities to enhance and advance the goals of CIP as defined by Presidential Decision Directive-63. NTIA will work with NIST to conduct a coordinated, technical CIP research program. NTIA will address threats to the telecommunications infrastructure and NIST will address metrology issues.

APPROPRIATION: Public Telecommunications Facilities, Planning and Construction

Summary of Requirements

	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted			13	$21,000
Adjustments to Base				
Other Changes				
1999 Pay raise		$9		
2000 Pay raise		38		
Payment to the Working Capital Fund		4		
Within-grade step increases		5		
Civil Service Retirement and Disability Fund		0		
Civil Service Retirement System(CSRS)		7		
Federal Employees' Retirement System(FERS)		(8)		
Thrift Savings Plan		(2)		
Federal Insurance Contributions Act (FICA) -OASDI		(4)		
Health Insurance		2		
Employees' Compensation Fund		0		
Travel		3		
Rent payments to GSA		3		
Postage		1		
FTS		1		
Printing and reproduction		1		
Other services:				
Working Capital Fund		78		
NARA Storage and maintenance		3		
General Pricing Level Adjustment		2		
Subtotal, other cost changes			0	143
Less Amount Absorbed			0	(88)
TOTAL, ADJUSTMENTS TO BASE			0	55
2000 Base			13	21,055
Program Changes			11	14,000
2000 APPROPRIATION			24	35,055

Comparison by Activity

	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
DIRECT OBLIGATIONS	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
Grants	0	$21,171	0	$19,200	0	$31,555	0	$12,000
Program Management	13	1,974	13	1,855	24	3,500	11	2,000
TOTAL DIRECT OBLIGATIONS	13	23,145	13	21,055	24	35,055	11	14,000
FINANCING								
Unobligated balance, start of year		(2,145)						
TOTAL BUDGET AUTHORITY	13	21,000			24	35,055		

Highlights of Program Changes

	Base		Increase / Decrease	
	Permanent Positions	Amount	Permanent Positions	Amount
Public Telecommunications Facilities, Planning and Construction	13	$21,055	+11	+$14,000

A program increase (+11 pos; +$14,000) is requested to assist public broadcasting stations with the conversion from analog to digital broadcasting through the awarding of competitive grants. The grants issued will not only allow stations to convert, but also provide incentives for more efficient operations and allow stations to meet the requirements and deadlines for digital conversion as set by the FCC. As necessary, PTFP will continue to fund grants to replace basic equipment and provide assistance to rural and other areas where financial assistance is lacking.

APPROPRIATION: Information Infrastructure Grants

Summary of Requirements

	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted			34	$18,000
Adjustments to Base				
Other Changes				
1999 Pay raise		$16		
2000 Pay raise		53		
Payment to the Working Capital Fund		5		
Within-grade step increases		20		
Civil Service Retirement and Disability Fund		0		
Civil Service Retirement System(CSRS)		(5)		
Federal Employees' Retirement System(FERS)		6		
Thrift Savings Plan		1		
Federal Insurance Contributions Act (FICA) -OASDI		3		
Health insurance		4		
Employees' Compensation Fund		0		
Travel		15		
Rent payments to GSA		5		
FTS		1		
Printing and reproduction		3		
Other services:				
Working Capital Fund		65		
General Pricing Level Adjustment		5		
Subtotal, other cost changes			0	197
Less Amount Absorbed			0	(95)
TOTAL, ADJUSTMENTS TO BASE			0	102
2000 Base			34	18,102
Program Changes			0	2,000
2000 APPROPRIATION			34	20,102

Comparison by Activity

	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
DIRECT OBLIGATIONS	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
Information Infrastructure Grants								
Grants	0	$15,606	0	$15,000	0	$17,000	0	$2,000
Program Management	34	4,665	34	3,102	34	3,102	0	0
TOTAL DIRECT OBLIGATIONS	34	20,271	34	18,102	34	20,102	0	2,000
FINANCING								
Unobligated balance, start of year		(2,271)						
TOTAL BUDGET AUTHORITY	34	18,000			34	20,102		

Highlights of Program Changes

	Base		Increase / Decrease	
	Permanent Positions	Amount	Permanent Positions	Amount
Information Infrastructure Grants	34	$18,102	0	+$2,000

An increase (+0 pos; +$2,000) is proposed to award competitive, merit-based grants that demonstrate Next Generation Internet (NGI) capabilities in the public and non-profit sectors. Next Generation Internet is a component of an administration initiative with academia and industry to develop advanced network technologies and demonstrate the capabilities on testbeds 100 to 1,000 times faster than today's Internet. Grants funded under this initiative will be awarded with a one year maximum for planning and two years for program demonstration. Emphasis will be placed on multi-state and regional projects. Grant competitions will be planned in coordination with other Department of Commerce technology programs and Federal Agencies that participation in the NGI initiative.

APPROPRIATION: Endowment for Children's Educational Television

Summary of Requirements

	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted			0	$(1,175)
Adjustments to Base			0	1,175
2000 Base			0	0
Program Changes			0	0
2000 APPROPRIATION			0	0

Comparison by Activity

	1999 Currently Avail		2000 Base		2000 Estimate		Increase / Decrease	
DIRECT OBLIGATIONS	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
Grants	0	$18		$0		$0	0	$0
Program Management							0	0
TOTAL DIRECT OBLIGATIONS	0	18	0	0	0	0	0	0
FINANCING								
Unobligated balance, start of year		(1,193)						
TOTAL BUDGET AUTHORITY	0	(1,175)			0	0		

Highlights of Program Changes

	Base		Increase / Decrease	
	Permanent Positions	Amount	Permanent Positions	Amount
Endowment for Children's Educational Television	0	$0	0	$0

Unobligated funds for this program have been rescinded under P.L. 105-119.

BRIDGE FROM 1999 AND 2000 APPROPRIATIONS TO 1999 AND 2000 BUDGET AUTHORITY

	1999	2000	Change 1999-2000
ANNUAL APPROPRIATIONS ACT	$5,114,815	$7,390,144	$2,275,329
Rescissions:			
United States Travel and Tourism Administration	(915)	0	915
NOAA - Operations, Research & Facilities	0	(3,400)	(3,400)
Fisheries Promotional Fund	0	(1,186)	(1,186)
NTIA - Endowment for Children's Educational T.V.	(1,175)	0	1,175
APPROPRIATION	5,112,725	7,385,558	2,272,833
DISCRETIONARY			
Transfer of Y2K funds	49,274	0	(49,274)
Transfer to EDAP from Agriculture	20,000	0	(20,000)
Transfer to NOAA/ORF from Agriculture	7,000	0	(7,000)
Transfer from Census/PCP to the Census Monitoring Board	(4,000)	0	4,000
Transfer of NOAA/Corp Retirement to Mandatory	(7,000)	0	7,000
Unavailable offsetting collections due to limitation in FY 1999 and becoming available FY 2000	(115,774)	0	115,774
Unavailable offsetting collections due to limitation in FY 2000 and becoming available FY 2001	0	(159,765)	(159,765)
SUBTOTAL, DISCRETIONARY	(50,500)	(159,765)	(109,265)
SUBTOTAL, DISCRETIONARY BUDGET AUTHORITY	5,062,225	7,225,793	2,163,568
MANDATORY			
Coastal Zone Management Fund - Offsetting Collections	(4,000)	(4,000)	0
Transfer to Promote and develop fishery products and research pertaining to American fisheries from Dept. of Agriculture	66,426	66,426	0
NOAA/ORF from DARRF	1,500	0	(1,500)
NOAA/ORF CORP Retirement	7,000	13,900	6,900
NOAA/ORF from DARRF from Interior	(1,500)	0	1,500
Bureau of the Census - Salaries & Expenses	10,000	10,000	0
SUBTOTAL, MANDATORY	79,426	86,326	6,900
Trust Funds	700	700	0
Offsetting receipts	(7,424)	(7,424)	0
TOTAL, MANDATORY BUDGET AUTHORITY	72,702	79,602	6,900
PROPOSED FY 1999 SUPPLEMENTAL			
Discretionary			
NOAA - Operations, Research & Facilities	1,880	0	(1,880)
NOAA - Fishing Finance Program Account	3,120	0	(3,120)
SUBTOTAL, FY 1999 SUPPLEMENTAL	5,000	0	(5,000)

	1999	2000	Change 1999-2000
PROPOSED FOR LATER TRANSMITTAL			
Discretionary			
NOAA/ORF - Navigation Services Fees	$0	($14,000)	($14,000)
NOAA/ORF - Fisheries Management & Enforcement Services Fees	0	(20,000)	(20,000)
SUBTOTAL, PROPOSED FOR LATER TRANSMITTAL	0	(34,000)	(34,000)
TOTAL, DISCRETIONARY BUDGET AUTHORITY	5,067,225	7,191,793	2,124,568
FEDERAL FUNDS	5,141,651	7,312,119	2,170,468
DEPARTMENT OF COMMERCE, BUDGET AUTHORITY	5,139,927	7,271,395	2,131,468

COMPARISON OF 2000 ESTIMATE WITH 1998 AND 1999 APPROPRIATIONS ENACTED TO DATE

	1998 Actual		1999 Enacted		2000 Estimate		Increase / Decrease	
	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
GENERAL ADMINISTRATION								
Salaries and Expenses	249	$27,490	260	$30,000	271	$34,046	11	$4,046
OFFICE OF THE INSPECTOR GENERAL	226	20,140	237	21,000	250	23,454	13	2,454
ECONOMIC DEVELOPMENT ADMINISTRATION								
Salaries & Expenses	253	21,028	261	24,000	265	28,971	4	4,971
Economic Assistance Development Programs	0	342,000	0	368,379	0	364,379	0	(4,000)
Subtotal, EDA	253	363,028	261	392,379	265	393,350	4	971
BUREAU OF THE CENSUS								
Salaries & Expenses	1,460	137,278	1,468	136,147	1,468	156,944	0	20,797
Periodic Censuses & Programs	2,189	555,813	3,390	1,186,902	3,692	2,914,754	302	1,727,852
Subtotal, Census	3,649	693,091	4,858	1,323,049	5,160	3,071,698	302	1,748,649
ECONOMIC & STATISTICAL ANALYSIS								
Salaries & Expenses	509	47,499	509	48,490	553	55,123	44	6,633
Economic & Statistics Revolving Fund	0	0	0	0	0		0	0
Subtotal, ESA	509	47,499	509	48,490	553	55,123	44	6,633
INTERNATIONAL TRADE ADMINISTRATION								
Operations & Administration	2,464	283,066	2,518	284,664	2,654	305,431	136	20,767
BUREAU OF EXPORT ADMINISTRATION								
Operations & Administration	364	43,900	464	52,331	487	60,455	23	8,124
MINORITY BUSINESS DEVELOPMENT								
Minority Business Development	133	25,000	133	27,000	133	27,627	0	627
UNITED STATES TRAVEL & TOURISM ADMINISTRATION								
Salaries and Expenses	0	(3,000)	0	(915)	0	0	0	915
NATIONAL OCEANIC & ATMOSPHERIC ADMINISTRATION								
Operations, Research & Facilities	11,609	1,496,550	11,903	1,579,844	12,183	1,735,511	280	155,667
Procurement, Acquisition and Construction	239	491,609	185	584,677	162	630,578	(23)	45,901
Fisheries Promotional Fund	0	0	0	0	0	(1,188)	0	(1,188)
Aircraft Procurement and Modernization	0	0	0	0	0	0	0	0
Fishing Vessel & Gear Damage Comp. Fund	0	0	0	0	0	0	0	0
Fishermen's Contingency Fund	1	194	1	953	1	953	0	0
Foreign Fishing Observer Fund	0	154	0	189	0	189	0	0
Fisheries Finance Program Account	0	336	0	28,336	24	10,256	24	(18,080)
Pacific Coastal Salmon Recovery	0	0	0	0	0	100,000	0	100,000
Coastal Zone Management Fund	51	7,212	51	4,000	0	4,000	(51)	0
Promote & Develop....American fisheries	0	0	0	0	0	0	0	0
Subtotal, NOAA	11,900	1,998,057	12,140	2,198,001	12,370	2,480,303	230	282,302

	1998 Actual		1999 Enacted		2000 Estimate		Increase / Decrease	
	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount	Perm Pos	Amount
PATENT & TRADEMARK OFFICE								
Salaries & Expenses	5,889	27,000	7,061	37,316	7,289	115,774	228	78,458
UNDER SECRETARY / OFFICE OF TECHNOLOGY POLICY								
Salaries & Expenses	50	8,500	52	9,495	52	8,972	0	(523)
NATIONAL TECHNICAL INFORMATION SERVICE								
NTIS Revolving Fund	0	0	0	0	[25]	2,000	0	2,000
NATIONAL INSTITUTE OF STANDARDS & TECHNOLOGY								
Scientific & Technical Research & Services	2,041	278,852	2,062	280,136	2,011	289,622	(51)	9,486
Industrial Technology Services	377	306,000	377	304,300	379	338,538	2	34,236
Construction of Research Facilities	32	95,000	32	56,714	32	106,798	0	50,084
Subtotal, NIST	2,450	677,852	2,471	641,150	2,422	734,958	(49)	93,806
NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION								
Salaries & Expenses	106	16,550	98	10,940	142	17,212	44	6,272
Public Telecommunications, Facilities and Digital							0	0
Broadcasting Applications	13	21,000	13	21,000	24	35,055	11	14,055
Endowment for Children's Educational T.V.	0	0		(1,175)	0	0	0	1,175
Information Infrastructure Grants	34	20,000	34	18,000	34	20,102	0	2,102
Subtotal, NTIA	153	57,550	145	48,765	200	72,389	55	23,604
TOTAL, DEPARTMENT OF COMMERCE	28,289	4,269,173	31,109	5,112,725	32,106	7,385,558	997	2,272,833

SUMMARY OF REQUIREMENTS WITH DETAIL OF ADJUSTMENTS TO BASE

	2000 Estimate			
	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
1999 Enacted			31,109	$5,112,725
Transfers				
From Funds Appropriated to the President, Information Technology Systems and Related Expenses for Y2K costs			0	49,274
From Department of Agriculture			0	93,426
To Census Monitoring Board			0	(4,000)
Total Transfers			0	138,700
Financing:				
Fee collections in 1999			0	759,789
Adjustments to Base				
Restoration of FY 1999 Rescission			0	6,000
Financing				
Restoration of deobligation in FY 1999			0	38,000
Unobligated balance			0	9,000
Recoveries from prior year obligations			0	3,800
Adjustments				
DARRF			0	(1,500)
NOAA Corp Retirement			0	6,900
Continuation of System Acquisition Office			11	700
Continuation of 1999 Operating Level			0	1,886
Anticipated fee collections in 2000			0	(1,400)
Restoration of FSN voluntary separation trust fund			0	10,493
Restoration of unobligated balance			0	6,000
Reduction for unrequested grants			0	(10,755)
Non-recurring items			0	(55,874)
Rescission of unobligated balances			0	(1,186)
Cancellation of 1999 Rescission			0	2,090
Other Changes				
1999 Pay raise	0	$15,755		
2000 Pay raise	0	58,541		
Payment to the Working Capital Fund	0	780		
Full year cost in 2000 of positions financed for part year in 1999	0	16,245		
Within-grade step increases	0	22,410		
Reimbursable positions	0	0		
Civil Service Retirement System (CSRS)	0	(4,619)		
Federal Employees' Retirement System (FERS)	0	6,000		
Thrift Savings Plan	0	748		
Federal Insurance Contributions Act (FICA) - OASDI	0	3,497		
Health Insurance	0	4,476		
Employees' Compensation Fund	0	402		

	2000 Estimate			
	Detailed		Summary	
	Perm Pos	Amount	Perm Pos	Amount
Travel	0	$916		
Rent payments to GSA	0	4,006		
Federal Telephone System	0	848		
Postage	0	442		
Printing and reproduction	0	1,481		
Other services:				
Working Capital Fund	0	19,943		
Commerce Administrative Management System (CAMS)	0	9,471		
Contracts / Other Services	0	3,300		
Overseas wage increases	0	736		
Overseas price increases	0	250		
NARA Storage and maintenance	0	725		
Historically Black Colleges and Universities	0	1,000		
General Pricing Level Adjustment	0	7,085		
Grants	0	338		
Reactor Fuel	0	27		
Subtotal, other cost changes			0	$172,803
Less Amount Absorbed			(30)	(81,596)
TOTAL, ADJUSTMENTS TO BASE			(19)	105,361
2000 Base			31,090	6,116,575
Program Changes			961	2,249,785
TOTAL REQUIREMENTS			32,106	8,366,360
Fee collections			0	(965,741)
Less Federal Offsetting Fee Collections				(300)
Portion of Offsetting Fee Colections Not Available for Obligation (Limitation on Obligation)			0	159,765
Rescission of Unobligated Balances (NOAA-ORF)			0	3,400
NOAA Corp Retirement Pay to Mandatory			0	(13,900)
Recoveries from prior year obligations			0	(85,200)
Transfers				
From Department of Agriculture			0	(66,426)
Unobligated balance			0	(12,400)
2000 APPROPRIATION			32,106	7,385,558

COMPARISON BY BUREAU OF ADJUSTMENTS TO BASE, 2000 ESTIMATE AND PROGRAM CHANGES

	Net Adjustments To Base		2000 Base		2000 Estimate		Increase/Decrease	
BUREAU	Perm. Pos.	Amount	Perm. Pos.	Amount	Perm. Pos.	Amount	Perm. Pos.	Amount
General Administration	11	($654)	271	$34,046	271	$34,046	0	$0
Office of the Inspector General	0	936	237	21,936	250	23,454	13	1,518
Economic Development Administration	0	(19,757)	261	393,316	265	393,350	4	34
Bureau of the Census	0	15,261	4,858	1,355,210	5,160	3,111,698	302	1,756,488
Economic and Statistical Analysis	0	2,168	509	50,858	553	55,123	44	4,465
International Trade Administration	0	(3,517)	2,518	281,497	2,654	305,431	136	23,934
Bureau of Export Administration	0	3,252	464	55,913	487	60,455	23	4,542
Minority Business Development Agency	0	26	133	27,326	133	27,627	0	301
United States Travel & Tourism Admin.	0	915	0	0	0	0	0	0
National Oceanic & Atmospheric Administratio	0	74,102	12,140	2,347,029	12,370	2,601,029	230	254,000
Patent and Trademark Office	0	21,496	7,061	817,101	7,289	922,050	228	104,949
Under Secretary / Office of Technology Policy	0	179	52	9,674	52	8,972	0	(702)
National Technical Information Service	0	(1,000)	0	0	0	2,000	0	2,000
National Inst. of Standards & Technology	(30)	10,553	2,441	672,703	2,422	748,756	(19)	76,053
National Telecommunications & Information Admin.	0	1,401	145	50,168	200	72,369	55	22,203
TOTAL REQUIREMENTS	(19)	105,361	31,090	6,116,575	32,106	8,366,360	1,016	2,249,785
Fee collections					0	(965,741)		
Less Federal Offsetting Fee Collections					0	(300)		
Portion of Offsetting Fee Colections Not Available for Obligation (Limitation on Obligation)					0	159,765		
Rescission of Unobligated Balances (NOAA-ORF)					0	3,400		
NOAA Corp Retirement Pay to Mandatory						(13,900)		
Recoveries from prior year obligations					0	(85,200)		
Transfers					0	(66,426)		
Unobligated balance						(12,400)		
2000 APPROPRIATION					32,106	7,385,558		

AUTHORIZING LEGISLATION REQUIRED FOR 2000

APPROPRIATION AND ACTIVITY	1999 Enacted	2000 Base	2000 Request
Economic Development Administration			
Trade Adjustment Assistance Tax and Trade Relief Extension Act of 1998 (Omnibus Consolidated and Emergency Supplemental Act of 1999, P.L. 105-277), expires 6/30/99	$9,500	$9,500	$12,000
International Trade Administration			
Export Promotion, P.L. 103-392, expired 1996	254,232	250,077	272,277
Bureau of Export Administration			
Export Administration Act of 1979, Reauthorization P.L. 103-10, expired 8/20/94	52,331	55,913	60,455
National Oceanic and Atmospheric Administration			
National Marine Fisheries Service			
Endangered Species Act Amendments of 1988 P.L. 100-478, expired 9/30/92	38,306	38,726	66,869
Marine Mammal Protection Act P.L. 103-238, expires 9/30/99	22,927	23,337	25,379
Magnuson-Stevens Fisheries Conservation Act, P.L. 104-297, expires 9/30/99	165,286	167,420	168,500
National Ocean Service			
Coastal Zone Management Act, P.L. 104-150, expires 9/30/99	62,500	60,850	96,200
National Marine Sanctuaries Act, P.L. 104-283, expires 9/30/99	14,350	14,000	26,000
Coastal Zone Management Act, P.L. 101-506 section 6217 Coastal Nonpoint Source Program expired 9/30/95	1,000	1,000	6,000
Subtotal, NOAA	304,369	305,333	388,948
Patent and Trademark Office			
Patent and Trademark Reauthorization Act of 1999 P.L. 105-358, expires 9/30/99	[745,026]	[817,101]	[805,976]
Under Secretary / Office of Technology Policy			
American Technology Preeminence Act of 1991 P.L. 102-245, expired 9/30/93	9,495	9,674	8,972

APPROPRIATION AND ACTIVITY	1999 Enacted	2000 Base	2000 Request
National Institute of Standards & Technology			
Scientific & Technical Research & Services	$280,136	$289,959	$289,622
Industrial Technology Services	304,300	312,146	338,536
Construction of Research Facilities	56,714	56,798	106,798
American Technology Preeminence Act of 1991 P.L. 102-245, expired 9/30/93			
Subtotal, NIST	641,150	658,903	734,956
National Telecommunications and Information Administration			
Salaries and Expenses	10,940	11,009	17,212
Telecommunications Authorization Act of 1992 P.L. 102-538, expired 9/30/93			
Public Telecommunications Facilities & Digital Broadcasting Applications	21,000	21,055	35,055
Public Telecommunications Authorization Act of 1992 P.L. 102-356, expired 9/30/94			
Information Infrastructure Grants No authorization enacted	18,000	18,102	20,102
Subtotal, NTIA	49,940	50,166	72,369
TOTAL, AUTHORIZATION REQUIRED	1,321,017	1,339,566	1,549,977
PROGRAMS AUTHORIZED			5,835,581
TOTAL, DEPARTMENT OF COMMERCE APPROPRIATIONS			7,385,558

BUDGET AUTHORITY BY FUNCTION

FUNCTION / PROGRAM	1998	1999	2000	Change 1999 - 2000
050 NATIONAL DEFENSE				
054 Defense-Related Activities				
Bureau of Export Administration	$1,877	$1,877	$1,877	$0
300 NATURAL RESOURCES & ENVIRONMENT				
306 Other natural resources				
National Oceanic and Atmospheric Admin.	2,050,827	2,231,902	2,533,829	301,927
370 COMMERCE AND HOUSING CREDIT				
376 Other advancement and regulation of Commerce				
General Administration	29,490	34,700	34,046	(654)
Inspector General	20,140	21,000	23,454	2,454
Bureau of the Census	689,091	1,339,949	3,071,698	1,731,749
Economic and Statistical Analysis	47,499	48,490	55,123	6,633
International Trade Administration	299,430	285,014	305,431	20,417
Bureau of Export Administration	42,023	50,784	58,578	7,794
Minority Business Development Agency	25,000	27,300	27,627	327
United States Travel & Tourism Administration	(3,000)	(915)	0	915
National Oceanic & Atmospheric Administration	(61,695)	(33,901)	(53,526)	(19,625)
Patent and Trademark Office	(81,316)	(78,458)	(43,991)	34,467
Under Secretary / Office of Technology Policy	8,500	9,495	8,972	(523)
National Technical Information Service	0	1,000	2,000	1,000
National Institute of Standards & Technology	677,877	662,150	734,956	72,806
National Telecommunications & Information Admin.	16,550	10,940	17,212	6,272
Subtotal, Commerce and Housing Credit	1,709,589	2,377,548	4,241,580	1,864,032
450 COMMUNITY & REGIONAL DEVELOPMENT				
452 Area and regional development				
Economic Development Administration	362,028	413,073	393,350	(19,723)
500 EDUCATION, TRAINING, EMPLOYMENT AND SOCIAL SERVICES				
503 research and general education aids				
National Telecommunications & Information Admin.	41,000	37,825	55,157	17,332
SUBTOTAL, DISCRETIONARY	4,165,321	5,062,225	7,225,793	2,163,568

	1998	1999	2000	Change 1999 - 2000
MANDATORY				
300 NATURAL RESOURCES & ENVIRONMENT				
306 Other natural resources				
NOAA - Operations, Research & Facilities	$9,162	$8,500	$13,900	$5,400
NOAA - Coastal Zone Management Fund	(3,115)	(4,000)	(4,000)	0
NOAA - Damage Assessment & Restoration	(1,162)	(1,500)	0	1,500
NOAA - Offsetting receipts	(15,696)	(7,424)	(7,424)	0
Subtotal, Natural Resources & Environment	(10,811)	(4,424)	2,476	6,900
370 COMMERCE & HOUSING CREDIT				
376 Other advancement & regulation of Commerce				
GA - Gifts & Bequests Trust Fund	739	700	700	0
CENSUS - Salaries and Expenses	10,000	10,000	10,000	0
NOAA - Promote and Develop...American fisheries	65,734	66,426	66,426	0
NOAA - Federal Ship Financing Fund	700	0	0	0
PTO - Offsetting receipts	(119,000)	0	0	0
Subtotal, Commerce & Housing Credit	(41,827)	77,126	77,126	0
SUBTOTAL, MANDATORY	(52,638)	72,702	79,602	6,900
Proposed FY 99 Supplemental				
300 NATURAL RESOURCES & ENVIRONMENT				
306 Other natural resources				
NOAA - Operations, Research & Facilities	0	1,880	0	(1,880)
NOAA - Fishing Finance Program Account	0	3,120	0	(3,120)
Subtotal, Supplemental	0	5,000	0	(5,000)
Proposed for Later Transmittal				
300 NATURAL RESOURCES & ENVIRONMENT				
306 Other natural resources				
NOAA - ORF - Navigation Services Fees	0	0	(14,000)	(14,000)
NOAA - Fisheries Mgt & Enforcement Svcs Fee	0	0	(20,000)	(20,000)
Subtotal, Later Transmittal	0	0	(34,000)	(34,000)
TOTAL, DEPARTMENT OF COMMERCE	4,112,683	5,139,927	7,271,395	2,131,468

SUMMARY OF BUDGET AUTHORITY -- 2000 - 2004

DISCRETIONARY	2000	2001	2002	2003	2004
General Administration	$34	$34	$34	$34	$34
Inspector General	23	23	23	23	23
Economic Development Administration	393	393	393	393	393
Bureau of the Census	3,072	815	390	416	390
Economic and Statistical Analysis	55	55	55	55	55
International Trade Administration	305	305	305	305	305
Bureau of Export Administration	60	60	60	60	60
Minority Business Development Agency	28	28	28	28	28
United States Travel & Tourism Administration	0	0	0	0	0
National Oceanic & Atmospheric Administration	2,480	2,541	2,511	2,498	2,528
Patent and Trademark Office	(44)	44	0	0	0
Under Secretary / Office of Technology Policy	9	9	9	9	9
National Technical Information Service	2	2	2	2	2
National Institute of Standards & Technology	735	660	645	645	645
National Telecommunications & Information Admin:	72	147	137	126	52.314
SUBTOTAL, DISCRETIONARY	7,226	5,118	4,594	4,596	4,526
MANDATORY					
General Administration	1	1	1	1	1
Economic Development Revolving Fund	0	0	0	0	0
Bureau of the Census	10	10	10	0	0
National Oceanic & Atmospheric Administration	76	76	76	76	76
Subtotal	87	87	87	77	77
Offsetting receipts	(7)	(7)	(7)	(7)	(7)
SUBTOTAL, MANDATORY	80	80	80	70	70
PROPOSED FOR LATER TRANSMITTAL					
Discretionary					
NOAA/ORF - Navigation Services Fees	(14)	(14)	(14)	(14)	(14)
NOAA/ORF - Fisheries Management & Enforcement Services Fees	(20)	(20)	(20)	(20)	(20)
SUBTOTAL, PROPOSED FOR LATER TRANSMITTAL	(34)	(34)	(34)	(34)	(34)
TOTAL, DEPARTMENT OF COMMERCE	7,271	5,164	4,640	4,632	4,562
Rounding adjustment to reach President's Budget	1	0	0	(1)	0
TOTAL, DEPARTMENT OF COMMERCE	7,272	5,164	4,640	4,631	4,562
TOTAL, DOC, DISCRETIONARY	7,192	5,084	4,560	4,562	4,492
TOTAL, DOC, MANDATORY	80	80	80	70	70

SUMMARY OF OUTLAYS -- 2000 - 2004

DISCRETIONARY	2000	2001	2002	2003	2004
General Administration	$34	$34	$34	$34	$34
Inspector General	23	23	23	23	23
Economic Development Administration	439	424	402	393	393
Bureau of the Census	2,838	1,148	479	410	395
Economic and Statistical Analysis	55	55	55	55	55
International Trade Administration	295	305	305	305	305
Bureau of Export Administration	59	60	60	60	60
Minority Business Development Agency	28	28	28	28	28
United States Travel & Tourism Administration	0	0	0	0	0
National Oceanic & Atmospheric Administration	2,338	2,466	2,507	2,572	2,579
Patent and Trademark Office	(170)	(46)	(8)	2	4
Under Secretary / Office of Technology Policy	10	9	9	9	9
National Technical Information Service	(1)	2	2	2	2
National Institute of Standards & Technology	651	669	705	699	677
National Telecommunications & Information Admin.	65	78	112	124	124
SUBTOTAL, DISCRETIONARY	6,662	5,255	4,714	4,718	4,690
MANDATORY					
General Administration	1	1	1	1	1
Economic Development Administration	(1)	(1)	(1)	(1)	(1)
Bureau of the Census	9	10	10	3	1
National Oceanic & Atmospheric Administration	16	12	9	9	9
Subtotal	25	21	19	12	10
Offsetting receipts	(7)	(7)	(7)	(7)	(7)
SUBTOTAL, MANDATORY	18	14	12	4	2
PROPOSED FOR LATER TRANSMITTAL					
Discretionary					
NOAA/ORF - Navigation Services Fees	(14)	(14)	(14)	(14)	(14)
NOAA/ORF - Fisheries Management & Enforcement Services Fees	(20)	(20)	(20)	(20)	(20)
SUBTOTAL, PROPOSED FOR LATER TRANSMITTAL	(34)	(34)	(34)	(34)	(34)
TOTAL, DEPARTMENT OF COMMERCE	6,645	5,234	4,692	4,688	4,658
Rounding adjustment to reach President's Budget	2	(2)	(1)	0	0
TOTAL, DEPARTMENT OF COMMERCE	6,647	5,232	4,691	4,688	4,658
TOTAL, DOC, DISCRETIONARY	6,628	5,221	4,680	4,684	4,656
TOTAL, DOC, MANDATORY	18	14	12	4	2

GLOSSARY OF TERMS

Budget Authority

Budget authority for any year represents the authority to incur obligations, requiring either immediate or future payment, which will become available during the year. Appropriations on which the Congress acts are the most common form of budget authority, allowing Federal agencies to make payments out of the Treasury for specified purposes.

Federal Funds

Funds collected and used by the Federal Government for the general purposes of the Government. There are four types of Federal fund accounts: the general fund, special funds, public enterprise (revolving) funds, and intra-governmental funds. The primary Federal funds type is the general fund, derived from general taxes and borrowing.

Federal Workforce Restructuring Act of 1994 (Public Law 103-226)

This law authorizes agencies to offer incentive payments to employees who resign or retire voluntarily on or after March 30, 1994, and before October 1, 1995. The law also mandates that the Government reduce its workforce by 272,900 employees before fiscal year 2000.

Full-time Equivalent (Workyears) Employment

Compensable workyears for all Federal personnel, calculated by dividing the total number of hours (worked or to be worked) by the number of compensable hours applicable to each fiscal year (8 x the number of compensable days in each fiscal year). For a fiscal year with 260 days, the divisor is 2080, for 261 days, 2088; for 262 days, 2096.

Offsetting Receipts

Collections deposited in receipt accounts that are offset against budget authority and outlays rather than being counted as budget receipts. These collections are derived from other Government accounts or from Government activities that are of a business-type or market-oriented nature.

Outlays

Obligations incurred under budget authority are generally liquidated by the issuance of checks by the Treasury. Such payments are called outlays. Outlays during any fiscal year may be payments of obligations incurred in prior fiscal years or in the same fiscal year.

Permanent Positions

Permanent positions are funded positions which are occupied or expected to be occupied by full-time employees with permanent appointments as of September 30 of each year.

Reprogrammings and Transfers

A reprogramming is the shifting of dollar and/or personnel resources within an appropriation account, from one project or activity to another, to be used for purposes other than those contained in the year's official budget justification or expressed as Congressional intent in the enacted appropriations bill and Committee reports. Reprogrammings also occur when offices or staffs are to be relocated. Transfers also shift dollar and/or personnel resources away from their originally intended and approved uses, however, these moves take place between, rather than within appropriation accounts. Both reprogrammings and transfers are defined annually in the appropriations act. Both require a fifteen day notice to the House and Senate Appropriations Subcommittee for their review, before the proposed actions can take place.

Rescission

A rescission is a Presidential proposal to cancel budget authority that has been appropriated but not yet obligated. Proposed rescissions are reported to the Congress and the Comptroller General. The Senate and the House both must approve the proposed rescission with 45 days of continuous session or the funds are automatically released for obligation.

Supplemental Appropriation

An act appropriating funds in addition to those in an annual appropriation act. Supplemental appropriations provide additional budget authority beyond original estimates for programs or activities (including new programs authorized after the date of the original appropriation act) for which the need for funds is too urgent to be postponed until enactment of the next regular appropriation act.

Trust Funds

Funds collected and used by the Federal Government for carrying out specified purposes and programs according to terms of a trust agreement or statute, such as the social security and unemployment trust funds. Trust funds are not available for the general purposes of the Government.

REVISIONS TO THE FISCAL 2000 REQUEST

Mr. ROGERS. Well, thank you, Mr. Secretary, and it is good to have you with us. In spite of the fact that sometimes we do not agree on some topics, I find that you do lay things on top of the table, and I appreciate at least that.

Well, I do not know, but if we do not—if we are unable to—get some numbers from you, there may not be a Department of Commerce to manage over the next two years. We are faced with a very surreal situation.

On the one hand, the largest item in your budget, your top priority, the decennial census for which a $1.8 billion increase is already in the budget request, I am told may be a billion, or two, or maybe three short. But you do not tell us how much or how that shortfall would be paid for, offset, or whatever.

On the other hand, we are somehow supposed to judge the rest of your budget, which has large increases in areas that are lower on your priority list, like NOAA, $280 million, a 14 percent increase; NIST, $90 million increase, a 14 percent, without knowing what we are on the line for with respect to the Census. I do not know how we can develop a budget. I have never encountered this type of thing before.

All of the time, the Administrations, Republican and Democrat, are happy to come here and tell us how much they want next year. And we are happy to listen, and then we get our pencils out and we figure out how much we have got to spend, and we figure out how much you need, come up with some sort of a working arrangement. But I do not know how we can do that, not knowing what you are asking for.

I do not know how we can deal with the rest of your budget until we know specifically what you are demanding of us for the census, which is the biggest item. So until everything is on the table, and we know what we are facing, is not the budget for your Department just one big question mark?

Secretary DALEY. Well, there is no question, Mr. Chairman, that there is a very large question mark as to what the census will cost, by virtue of the fact of the Supreme Court decision about five weeks ago. We are working feverishly to get a number that we can have faith in, and that we can present to you as an accurate amount that we can stand behind.

There is no question, as you say, Mr. Chairman, finishing a budget for the Department of Commerce without knowing what this amount may be is impossible. We do not like being in this situation. We are here because this is a massive undertaking, one that we do only every 10 years.

And it is extremely complicated and has been complicated even more than probably in previous censuses by the uncertainty of exactly what method we would be using, by virtue of either Supreme Court cases or the political fight that has gone on in the Congress over the last couple of years.

DEPARTMENT'S ACTIONS TO PLAN FOR THE 2000 CENSUS

Mr. ROGERS. But you created that confusion. In all other decennial censuses in the nation's history, we always knew how we were

going to do it, and we did it—maybe flawed, maybe inaccurate, maybe off to some degree, but there was certainty there.

And for three years now—and I have been on this Subcommittee for 15 years leading up to the Census: the aftermath of the 1980 Census, leading up to the 1990 census, the funding of the '90 Census, the turmoil that followed the '90 Census, the frustration that all of us have felt over the years about the fact that we cannot get an accurate count, and now the 10-year lead up to this Census.

And I began on the 2000 census in 1991, saying, "We have got to find ways to do it, and we have got to fund it." And for three years this Subcommittee has told you to prepare a backup plan in case the sampling procedure was rejected, as it now has been by the Supreme Court.

We have asked you three years for that, and last year you and I had a shouting match about this. I am going to try to restrain myself this year.

Secretary DALEY. Thank you.

Mr. ROGERS. I say try.

The law specifically required that you develop, and be prepared to implement, a 2000 Census which did not use statistical methods. The law says you have to do that. And not only that, we gave you $27 million to do it two years ago.

And you have known you were going to do this for the last 10 years. And yet here we are on—more than the eve of the deadline—we are past the deadline, and you come up here and tell us you do not know how you are going to do it yet, and we do not know how much it is going to cost.

I just do not know what to do. I mean, the law is the law. The Congress has spoken. The Supreme Court has spoken. Both branches are saying, "Get your act together. Do it." Now, what else can we do?

Secretary DALEY. Well, I think we can try to work together, Mr. Chairman, and we are doing that, not only with the Subcommittee, with the Congress, in putting together this enormous challenge before us. In the two years I have been here, this issue has taken up more time than any other in the Department, and, obviously, much time of the Subcommittee.

We have planned for the census. We have prepared, as best as we can to this point, of preparing for a sample census.

DECENNIAL CENSUS PLAN

Mr. ROGERS. Where is the plan? I mean, just give us the plan.

Secretary DALEY. Well, the plan that we have put forward, that Dr. Prewitt put forward last week, is the plan that we plan to go with in the year 2000.

Mr. ROGERS. But we have not seen your figures. And your plan uses statistical methods, something the Supreme Court has said you shall not do. It is illegal.

Secretary DALEY. They said it was illegal for apportionment purposes.

Mr. ROGERS. Yes. And that is where—let us just talk about the apportionment purposes for the moment. The Supreme Court has said, "You cannot use statistical methods in the reapportionment count. You must actually count." Correct?

Secretary DALEY. For apportionment purposes, right, Mr. Chairman.

Mr. ROGERS. Yes, you must count. Now, do you have that plan ready?

Secretary DALEY. We have a plan that was put forward in January for that purpose. We are refining that based upon the dress rehearsal, based upon laying out the entire plan for the year 2000 and having a complete—we are in the process of doing what is called by the Census—"Master Activity Schedule," which is over 4,000 items, with schedules, with deadlines. That is what is being finalized that will be an actual finished final plan.

A lot of that, as I think I said, Mr. Chairman, last year—a lot of the final plan would be determined by the dress rehearsal and the testing of the systems and the plans and the management programs.

Mr. ROGERS. But we asked for this plan as long ago as three years. How are you going to conduct the actual count for reapportionment purposes? We gave you $27 million. You and I had this conversation last year. I asked you to leave at one point in time and not come back until you brought the plan. You still did not have the plan. That was one year ago. And here we are this year, and you still do not have the plan. Now, we want our money back.

Secretary DALEY. Well, I think after——

Mr. ROGERS. Give me the plan or give me the money we gave you to do the plan a year ago.

Secretary DALEY. Mr. Chairman, if I can, last spring when I was here and the hearing was recessed, you had asked for a plan. We came up and we gave you what we had at that point. We announced in January a plan of doing the census at the Congress' direction.

It was funded through June, and we had made plans for an enumerated traditional—for lack of a better phrase—traditional census through—basically, through this political fight that we are having, and through the first six months of 1999. And we are now in the final throes of trying to put together the final activity schedule and the absolute final plan that the Census Bureau is going to go with.

Mr. ROGERS. Why has it taken three years? We asked you three years ago for this. I asked you last year for this, and detailed numbers. We gave you $27 million for the plan. You have had all this time. We still do not have the plan. I do not want a broad outline. We have got to spend dollars.

Secretary DALEY. There is not a final plan—we are trying to develop the final plan right now. What we gave you last year——

Mr. ROGERS. The question is why have you not done it before now?

Secretary DALEY. Because we had to go through the last two years of testing procedures, doing the dress rehearsal. I do not think putting out a final plan two years before the actual event is the way to go. The Census Bureau could not do that and then not be expected to be changing that plan, based upon the dress rehearsal, based upon discussions with community groups and local officials on how we are going to proceed. This has been very much a work in progress.

We are now coming down to the final plan, based upon the Supreme Court, based upon the dress rehearsal, based upon everything we have learned over the last couple of years, on the methods and the ideas that have been put to the Census Bureau, both by Members of Congress, by the scientific community, by local officials, by community groups around the country, on how best to do this census.

I know you would like to have seen a plan that you know would be followed through two years later. But the fact of the matter is, that is not the case on this, because we are still trying to finalize, based upon information we have been gathering over the last two years, what is the best plan and the best method to have the most accurate count.

And the way we thought we could do it based upon all of the best information we could get, has been now determined by the Supreme Court that we cannot move forward. So we are now taking that, adapting that, along with——

Mr. ROGERS. We told you three years ago to develop a plan, assuming that you could not use statistical sampling. We wanted two plans, one without sampling, one with sampling, just to be ready for this event. And we gave you the money to do it with, and here we are at the last second, and you have not done it. I do not know what did with the money.

Secretary DALEY. Well, we——

Mr. ROGERS. What did you do with the $27 million we gave you for that very purpose?

Secretary DALEY. We have expended money to plan for exactly what you are saying. Did we finish a complete plan? No. I mean, we would not have finished—if the Supreme Court had ruled not that sampling was illegal, but had decided it was unconstitutional and we had to go back, we would not have a plan, a complete plan with a traditional census to give you today. We have to go through a complete master schedule activity list to get ready.

Mr. ROGERS. I told you two years ago the Supreme Court would rule that sampling is illegal or unconstitutional. We gave you the money to develop an alternative plan at that time, in case they did. You have spent the money. We do not have the plan. When can we get the plan? When can we have a plan?

Secretary DALEY. Mr. Chairman, we have a plan that was—a summary of the plan was put out by Dr. Prewitt 10 days ago.

Mr. ROGERS. When can I have a specific plan with specific dollars, Mr. Secretary?

Secretary DALEY. I cannot give you an answer to when you will have the specific dollars at this point, Mr. Chairman.

Mr. ROGERS. Why not?

Secretary DALEY. I have tried—we are trying——

Mr. ROGERS. Because OMB says not, right?

Secretary DALEY. No. It is because we do not have the final number that I can give to you and say, "Mr. Chairman, this is a number that I believe in"——

Mr. ROGERS. Well, when can you say that?

Do you realize we have got to write a budget at some point in time? Has that occurred to you, that we have got to spend money for NOAA and NIST and the National Weather Service, and all of

the other items in the Department of Commerce? Not to mention the Supreme Court's budget, all of the Courts, and all of the State Department, with our embassies around the world, all of the international organizations that this Subcommittee funds.

When can we have your number on the census, so we can satisfy the Supreme Court's need for salaries and expenses, for example?

Secretary DALEY. I would hope, Mr. Chairman, very shortly, but I cannot give you a date at this time. And I cannot tell you with certainty exactly what date that may be. And I know what terrible position this puts you and the entire subcommittee in, not only relating to our Department but the other departments that you have jurisdiction over, and the entire overall budget.

Mr. ROGERS. Well, I just want you and the world to know that when the Supreme Court's salaries stop, and when the National Weather Service stops forecasting weather on the evening news, that it is the Department's fault for not getting us a plan so we can appropriate your money for you.

I want the world to know that, and I want the fault to lay squarely on your shoulders and the Administration's. We are trying our best, and have been for years, to get the money to you to fund the operations of the Department of Commerce, including the census. And I will be doggoned if I can understand why you cannot come here with a specific number on the entirety of your budget.

And we are stymied. We have to sit here and wait, and I guess that is all we can do. Are you going to ask for a supplemental request for fiscal year 1999 to implement the new plan?

Secretary DALEY. That is something also, Mr. Chairman, that we are trying to come to final conclusion on, looking at the numbers, looking at where we may be on June 15th. If the Congress moves forward with funding for the census, what, if anything, we will need. And that number also we have not finalized.

Mr. ROGERS. Will you submit a budget amendment for fiscal year 2000, to pay for whatever plan you come up with? And will that amendment be offset? Will you take money from somewhere to make up for this? I mean, these are the questions you and I have got to face.

Secretary DALEY. Right.

Mr. ROGERS. And it is late.

Secretary DALEY. I know, Mr. Chairman, how late it is, and it is not a position I like being in. It is by virtue of a whole host of things that have occurred that have gotten us to this position. We are working feverishly to try to get you this number, so that the Department's overall budget can be looked at in its entirety. How we move into 2000 to address this—what is a serious situation is one that we want to work with you.

Mr. ROGERS. Well, I am just saying to you, you are jeopardizing, in an extreme way, you are jeopardizing census, not to mention all of the confusion that will result following the refusal or the failure to do a census. I am pleading with you, please put politics aside, let us do the census. The founding fathers required of us in the Constitution that we do so. They also said you should actually enumerate, actually count, people.

You have jeopardized this requirement. You are to the edge of the cliff, looking into the chasm below. And I am pleading with

you, step back from the chasm. Give us your plan. Tell us what it is going to cost, so we can satisfy the American people's need for an adequate census. Please. I do not know how else to put it. Please, will you do that?

Secretary DALEY. We will do both of those, Mr. Chairman. Obviously, your next question is—when? We are working feverishly to have that amount to you as quickly as is possible. That is the only assurance I can give you.

And the plan that we have put forward that was announced last week is the plan that has been complimented and criticized, but I think it is a very complete plan. It is not the entire Master Activity Schedule, which should be finished hopefully sometime between the 15th and 20th of March.

Mr. ROGERS. Oh, and, by the way, I appreciate your giving that to me, so I did not have to read it first in the newspapers.

Secretary DALEY. I am often amazed by reading things in the newspapers about my Department also, Mr. Chairman.

Mr. ROGERS. That is the only report frankly, I have seen of the new plan is—what I read in the newspapers.

Secretary DALEY. That is about the same situation here.

Mr. ROGERS. You did not see it either?

Secretary DALEY. I have not seen it. The estimate, the guesstimate in the newspaper shocked me also.

Mr. ROGERS. So they did not give that to you either?

Secretary DALEY. No.

Mr. ROGERS. Your reason you did not give it to me is because they did not give it to you, right?

Secretary DALEY. We do not have a final number for you.

Mr. ROGERS. No, I understand that.

Secretary DALEY. We do not have——

Mr. ROGERS. You did not see it either?

Secretary DALEY. I saw the article, obviously. Yes.

Mr. ROGERS. But you did not see it before the article?

Secretary DALEY. No.

Mr. ROGERS. Well, who printed the article?

Secretary DALEY. I do not know who the leak was. It was an anonymous source.

Mr. ROGERS. Oh.

Secretary DALEY. I guess that is what it is. You know, they are probably here. I do not know. [Laughter.]

Mr. ROGERS. Would you raise your hand, please?

Secretary DALEY. Wait. Let me make sure it is nobody here.

Mr. ROGERS. Well, you know, we are making light of this, but this is deadly serious, and I am absolutely flabbergasted, disappointed, and frustrated that some people down there are playing games, political games, on something that, number one, is costly, and, number two, is so vitally important to our country, our citizens, the people that pay our salaries.

And I think it is an absolute—I am disgusted with those folks down there who insist upon playing silly games with something this serious, and playing games with you. I think it is terrible that they would undercut you. So I am disappointed.

Mr. Serrano?

CENSUS ESTIMATES

Mr. SERRANO. Thank you, Mr. Chairman. Mr. Chairman, I begin my comments with some nervousness because you and I made a decision that in your style, and in mine, we were going to work together on every issue. And, I have good news and bad news. The bad news is that, the one issue which will probably force us to disagree has come up early in our relationship. The good news is that, it has come up early in our relationship [laughter] and we will be able to keep working on it as we move on to agree on what I am sure will be hundreds of issues that we will agree on in this committee.

And, while I know that your comments were directed at the Department, and on the issue, and not at me, I hope you also understand that my comments have a historical perspective to them. In terms of the two-party system, and the disagreements that we have in this House on this issue are in no way directed at you, but some may sound like I am answering your comments. But, even if you had not spoken, I would have spoken on the same issue.

A fact of life is that, I do not have any doubt that both the Commerce Department and the Census Bureau want to get this job done and done properly. That goes without saying. They are professional people who do this professionally.

In fact, the Commerce Secretary is surrounded in that Department, backed up, and in the Census Bureau, by people who are professionals. They do not run every two years to do this job. They do it year after year after year, and they add on new people, talented people, and they get rid of some people, and they move on. And, that is what they do.

Secondly, we have to understand that this is the one issue that has been separating us for a long, long time. If we were to point at the heart of the differences in this House, we would have to point at the census count as one issue that is at the center of our differences as two parties, in this legislative society.

I think it would be unfair, in my opinion, therefore, for us, as a body, to demand that they do that which at times we have not allowed them to do. I am not an expert on the rules of the House—we consider the possibility that every so often we deal with a bill in a special way, and we give it a little longer to work itself out. And, we give that particular budget a little longer time to present itself.

And, maybe with the understanding that this issue does not come up but every 10 years, we should consider that, first, we were the ones who started the fight on the House floor over how people should be counted in this country. We were the ones who drove the issues to the courts.

And, they are the recipients of all of that action. And, now we are asking them to turn out a product in a way we want, as the Constitution says. Except the constitution has said one thing and now the courts say, "You cannot do that which the Constitution says you cannot do, but you could also do it in some other places for other things." And, they have to come up with dollars for that.

They can come up with dollar figures for anything they have to do within the Department. What they are saying to us is that with-

in the census, Mr. Chairman, there is a problem. And, I think we have to listen to that.

Now, I understand your position. You are charged with 99 percent of the responsibility of coming up with this budget. My role is to be persuasive in getting some things changed. It is to be your supporter. But, it is you who will be called by a chairman of the committee, full committee, and asked why the bill is not before the full committee. I understand that and I am supportive of that and I want to be helpful of that.

But, I do not think, for us right now, it serves any purpose to put them over the coals when, in fact, we were the ones who put them over the coals to begin with.

Now, newspaper articles today tell me that the Census Subcommittee is considering yet some legislative changes. Legislative changes which, if they come up, will alter the way the census will be conducted. Some of them, I must say, I approve. I cannot believe I am reading here that they may include printed forms in 33 languages. That goes beyond anything I would envision in my bilingualism stance. And, I applaud that.

But even if I had supported that. And, it had been my idea. It would mean changes in the way they conduct the census. That means a little more time, perhaps a little more money, and, therefore, not being ready in time.

Now, what I would hope would happen will remain a secret. I am not going to ask you a question because, if you do not agree with everything I have said, I really do not want to hear what you have to say at this moment. [Laughter.]

But, I am hoping, Mr. Chairman, that we will fully understand and get to the point of understanding that they are charged with a responsibility they want to carry out. And, we have to make sure that that responsibility is taken care of.

There were folks who were nervous, at first, about whether or not the political agenda would not be met by sampling. The issue has been taken care of. Reapportionment, apportioning seats will not take place. How do they handle redistricting in the House? Well, we have been hearing for the last four to six years that those are state decisions anyway. So, that will be dealt with by the states.

But, the big issues that people were concerned about have been taken care of, to my dismay. But, so be it. That is what the court said.

Now, let us give them the time to put together the numbers. And, if need be, let us ask, Mr. Chairman, those individuals in the House who are much better than I am at this to find out how to deal with a special situation, an emergency situation if you will, a once every 10 years situation, and deal with this particular part of the budget accordingly, not stopping the census from taking place.

In fact, I am one of those people who wanted things added to the census. If you recall, Mr. Chairman, I am the one who said that the Commonwealth of Puerto Rico, the Virgin Islands, and Guam should appear in the census. Not outside the census. So, I added work to them, and I hope they carry that out. And, if they are not, I hope they do not tell me here today either.

But, let us give them some time. It is in the best interest of our country. It is something we have to do. And, as I said, Mr. Chairman, and I will close with this, and I mean this sincerely and, I will tell you in private later, I want to be supportive of your efforts to get the census done. I really do. I am not here to cause you a problem. And, I will agree with you on all other hundred issues. But, this one that we tend to disagree on, let us see if we can work together to give them the opportunity to do what they have to do.

Thank you, Mr. Chairman.

Mr. ROGERS. Thank you very much.

Mr. Regula.

STEEL IMPORT CRISIS

Mr. REGULA. Thank you, Mr. Chairman.

Mr. Secretary, we have had some dialogue on the recent surge of steel imports. I am pleased with some of the actions you have taken—the retroactive duties on Japan and Brazil that resulted from expediting these cases and finding critical circumstances and the suspension agreement with Russia.

Now, as I understand it, the steel industry is not terribly excited with the suspension agreement. They would rather go forward with their litigation. And they have also expressed concerns regarding the minimum price and the levels limiting cold-rolled steel and the partial year surge. Would you comment on the concerns that the industry has raised, as it relates to the Russian suspension agreement?

Secretary DALEY. Thank you, Congressman. We have heard from the industry loud and clear as to their objection to both the suspension agreement with Russia and the comprehensive deal. We do feel that they are in the best interest of the steel workers, the steel companies, long term.

We have, by virtue of these two agreements, gotten the amount of imports which will be coming into the United States back to pre-crisis 1996 levels for almost all of the products in the comprehensive deal, 14 different products; on the suspension agreement, back to 1997 levels.

When the companies came in to us in the summer of 1998, their goal was to stop, as best one can under our rules-based society, the rules-based trading system, the import surge that was coming in. We believe we have done that, and we have done that very emphatically.

And at the same time, we have sent a strong message to the rest of the world that they should not think that they are going to step into this void that Japan, Russia, and Brazil created having been brought back to pre-crisis levels and fill that. We will continue to act aggressively, as we did in these cases. We have an honest disagreement.

We believe it is a good deal for the steel industry and steel workers. The price, we believe, is a price that is good and that it is the floor, and it is the price that will prevent any lowering below that. There was great concern that the price that was being charged before this $250 number was somewhere around $200, which is substantially less. We have $250 that is the floor. Plus, when you add

on top of that the transportation cost for this steel, it probably gets it closer to the $300 level, and we think that is a good price.

Mr. REGULA. I notice that the Russian steel industry has had some differences on this issue, and has not been very supportive of what the government negotiated. Has there been any follow up? Are the Russians going to renege on their agreement?

Secretary DALEY. No. We do not believe that they will renege at all, and we have plenty of opportunities in this agreement to make sure that they do live up to the agreement.

The fact that neither our industry or their industry likes it may mean it is a pretty good deal.

Mr. REGULA. That is often the case in a lawsuit settlement.

The recent surge of steel imports has led to a record buildup of U.S. steel inventories. And I understand that about 24 million tons of steel have been added to customer inventories and work in process between '96 and '98. Some industry experts are claiming that even if imports decline by 10 million tons in '99, inventories would not decline. Do you agree?

Secretary DALEY. Well, I think it depends upon the strength of our overall economy. We did see, in these last January numbers, that manufacturing has come back up—the first positive increase in, I think, about six or eight months. Obviously, the goal here is to see the steel industry and all of our different sectors grow.

The steel industry will grow, and that backlog that is on the docks will be gone through, if our economy stays strong and grows. We are optimistic that it will continue to grow. And I think if we have the sort of growth that is expected, we will use much of that.

ASIAN ECONOMY

Mr. REGULA. Do you see any signs of turnaround in the Asian economy? This, of course, would be very helpful in reversing these surpluses of steel on the world market.

Secretary DALEY. There are some signs. Korea seems to be doing better. Thailand seems to be doing better. Overall, though, Indonesia and China have had some difficulties and are expected to have a tough year in 1999. We do not see any great resurgence over 1998 in 1999 for most of Asia, but there are some bright spots—as I say, Korea and Thailand.

We are hopeful that Japan, as the second largest economy in the world, will see some domestic-led growth as opposed to export growth. But in order to use up the steel that is on the docks, and keep our economy growing is most important.

My understanding, Congressman, is that some of the prices in some of the steel sectors, steel products, has begun to go up in the last 30 days to 45 days, which is a positive sign from 1998.

Mr. REGULA. When you evaluate a steel import surge, do you take into account inventory that is already in the warehouses?

Secretary DALEY. My understanding is that it is taken into account by virtue of what is filed with the Customs Department. But to be frank with you, I am not quite sure exactly.

LANDS LEGACY INITATIVE

Mr. REGULA. One last question. I understand that the Department is a participant in the President's Lands Legacy initiative.

And, as I understand it, you are proposing that funds be transferred from the Land and Water Conservation Fund to the Department of Commerce, for purposes of coastal dredging and restoration, coral reef restoration, coastal zone management grants, and expanding national marine sanctuaries, and estuarine research reserves.

The Interior Appropriations Committee normally has jurisdiction over the funding on land acquisition and the LWCF, and I have some concerns about your authority to utilize these funds that are being proposed for transfer. Do you have plans to purchase the land that will be restored? And who will be managing these new public lands that result from such restoration? And how do you see this working? Or has the proposal not been defined at this point?

Secretary DALEY. My understanding, first, is that we do have authorization, and the Subcommittee has authorization, to appropriate those funds—about $105 million—for the Lands Legacy program. We are committed, though, to see a permanent source of funding and will—after 2000, want to work with the Congress to come up with some permanent source of funding.

Exactly how that land is going to be owned or managed, to be frank with you, Congressman, at this point I am not quite sure. But I would be happy to get back to you on that.

[CLERK'S NOTE.—The following information was submitted subsequent to the hearing:]

The Lands Legacy Initiative proposes a $12 million increase related to land acquisition and construction, of which about 60% would be for land acquisition. Under the National Estuarine Research Reserve System (NERRS) program, the states, using grants from NOAA (which states must match at 50%), can acquire land for NERRS. This land is state-owned and managed.

By the end of FY 2000, the System will expand from its current 23 reserves to an anticipated total of 27 reserves. This expansion will increase to over one million acres of estuarine habitat protected by the NERRS. Examples of acquisition could include: wetlands and other habitat slated for development; threatened or endangered species habitat; additional areas for conducting long-term research on water quality, land uses and functions; and sites for construction of NERRS public facilities.

Mr. REGULA. Thank you.

Thank you, Mr. Chairman.

Mr. ROGERS. Mr. Mollohan.

STATISTICAL SAMPLING AND THE 2000 CENSUS

Mr. MOLLOHAN. Thank you, Mr. Chairman.

Mr. Secretary, I would like to join the Chairman and the new ranking member in welcoming you to the hearing. I certainly welcome you.

I am sitting here thinking what a shame it is that partisanship has driven what can only be described as a bifurcated census process, but, it obviously has. We are in one census for the majority members of the House of Representatives for apportionment, and an accurate number for enumeration.

We are in another census for everybody else for everything else. This census is based upon scientific sampling to try to get at that five percent or so that represents a real undercount. Every expert who testifies or speaks on the issue recognizes an undercount exists that can only be reached through scientific sampling.

Now, the Supreme Court said that you cannot use the scientific sampling for apportionment. But as I understand it, you have to use it. You really have to use it for redistricting. You certainly have to use it for benefit distribution as a matter of practicality.

I am asking if you agree with that, and at whatever costs? Shame being that you will not get an accurate count for apportionment without scientific sampling.

Whatever extra that costs, you are going to have to do scientific sampling to satisfy the governors and the mayors of this country. When it comes to benefit distribution, they are going to insist upon accurate population numbers for the distribution of dollars and cents.

Do you agree with that?

Secretary DALEY. I do agree with it, Congressman. It is our opinion that we are required to use sampling for other purposes other than apportionment if feasible. It is the Census Director—Dr. Prewitt's opinion that it is feasible to use sampling for these other purposes, and that is part of the plan that has been put forward and we are moving towards.

Mr. MOLLOHAN. Based upon whatever experience you have had, and what other input you are receiving. Can you testify, with regard to my point about the governors and mayors of this country, Democrat and Republican, insisting upon scientific sampling for benefit distribution?

Secretary DALEY. Well, we have heard from numerous mayors, governors and state legislators, county officials—I spoke to the National Counties Association this past weekend, and they are all concerned about the census, how it is going to be done, how accurate it will be, how effective it will be.

Quite honestly, the vast majority of mayors would probably be more democratic, but it is a bipartisan group of mayors who have come forward and have participated in our process. Governors we have heard from on both sides.

Mr. MOLLOHAN. Both sides of what, Democrats and Republicans?

Secretary DALEY. Well, it is Democrats and Republicans. Some Democrats for sampling. Quite frankly, I do not think we have run into any Democrats that are against sampling yet as governors. Republicans that have been supportive of not doing sampling and against sampling, and some who have had no opinion yet and have stayed out of the fight.

It is very much across the board, but we have heard from many more, quite frankly, who want the most accurate count that we could give them for the purposes that you have laid out.

Mr. MOLLOHAN. For benefit distribution?

Secretary DALEY. For benefit distribution primarily.

Mr. MOLLOHAN. I think when it gets down to reality, and people see what that means, particularly in these large states, there is going to be a very important expression of requirement on their part with regard to the census.

Now, with regard to cost, which we are all concerned about, you recognize that you have to come up with a number to incorporate enumeration more extensively to try to get this under count, do you not?

Secretary DALEY. Absolutely.

CENSUS PLAN

Mr. MOLLOHAN. You do recognize that you have to develop a plan?

Secretary DALEY. Yes.

Mr. MOLLOHAN. You are going to develop a plan and a number?

Secretary DALEY. Yes, we will.

Mr. MOLLOHAN. We all know that the majority is insisting to do enumeration, and that this is going to cost. It is going to cost a billion dollars more. It is going to cost two billion dollars more. It is going to cost three billion dollars.

It is going to cost some huge amount of money more to achieve a less accurate result. You just want to come up with an accurate number and an accurate plan. Is that not correct, before you give these to the Committee?

Secretary DALEY. Yes, sir.

Mr. MOLLOHAN. The Chairman has expressed concern about you not having a plan, and is sitting here saying well, by golly, why do you not have a plan. How could you come up with a plan until the dress rehearsal was done? You would be guessing at a lot of the plan's elements.

How could you come up with a plan and a cost? How could you come up with a plan and a cost really in the absence of not only the results of the dress rehearsal, but also without the results of the Supreme Court decision?

Secretary DALEY. Well, it would not have been a very accurate plan or probably very accurate number had we done that. We learned a lot from the dress rehearsal that is going into the final plan.

Mr. MOLLOHAN. You are in the process of revising the final plan now in light of the results of the dress rehearsal, and in accordance with the direction of the Supreme Court. Is that correct?

Secretary DALEY. Yes.

Mr. MOLLOHAN. I would suggest that the amount of additional money, for the record, be less a responsibility of the Commerce Department coming up with than the very difficult task of the Appropriations Committee coming up with the additional discretionary dollars. We are going to need to meet a lot of funding requirements, besides census.

So funding the census is going to be a part of a lot bigger problem.

Mr. Chairman, you let me know when I am running short of time.

IMPORT ADMINISTRATION FUNDING

Mr. Secretary, with regard to trade issue Mr. Regula was pursuing—I am going to ask you a dollar and cents question. I have heard some static secondhand from the ITA and some of those people who have been working hard, like Mr. Regula, on this trade issue—that the Import Administration has expressed a concern about not having enough money to do its job.

I just was reviewing the record, and if I am accurate about it, the request for '99 was $29.47 million and Congress appropriated the request for the Import Administration.

Do you agree with that?

Secretary DALEY. I believe that was the number, yes, Congressman. I have not been given it, but I think you are accurate.

Mr. MOLLOHAN. Well, if I am not, will you let us know after the hearing? My understanding is that we gave them the request, and the request is a little higher this year. I am hopeful that we are just not using the steel issue as some sort of leverage to get additional funding for that account on the premise that maybe if we had additional funding, we could get a better response out of some quarters of the Administration.

I know you are very responsive yourself and want to be responsive to the steel crisis facing this Nation.

Secretary DALEY. I do think I will—and this has all happened, obviously, in the last number of weeks. The response to the steel situation has put enormous strain on our responses in the Import Administration. We tried to move those cases, and we did, faster than any cases have ever been moved.

They are very complicated investigations. We are hopeful that what we saw in the steel industry does not happen in other sectors, but it has put quite a strain on that piece of our Department.

But we are committed to continue that sort of aggressive action when we think illegal dumping has occurred in this country.

[CLERK'S NOTE.—The following information was submitted subsequent to the hearing:]

We have checked the appropriations history, and the Committeee in fact did provide $31.047 million, the full request for Import Administration. We appreciate the Committee's strong support for the vigorous enforcement of our trade laws.

This year we are requesting $33.154 million for Import Administration, which includes increases totaling $1.7 million.

We look forward to continuing to work with you to ensure a level playing field internationally for American firms and workers.

Mr. MOLLOHAN. Thank you, Mr. Chairman.

NATIONAL CLIMATIC DATA CENTER

Mr. TAYLOR. Mr. Chairman, Mr. Secretary, you are aware of the National Climatic Data Center, one of NOAA's three data centers, is located in Asheville, which I have the pleasure of representing. And I was impressed in part to see that the Administration has requested the funds for the Climatic Reference Network to develop a system of real-time weather data at the NCDC, as well this funding for modernization.

Now, the larger question I have is what to do about the data once we collect it. I talked with the director some time ago and if we take the handwritten charts that come to the NCDC in and put them on top of each other, in one year it would be about 24 miles high.

And the rain gauge information, if unrolled from their spools, would measure about 150 miles in length. And this is not a direct question, but I would ask if you could perhaps put your thought into how we could utilize more manageable media in storing that information and modernizing it as much as possible.

I would encourage you to do that. I would also ask a question in dealing with China, and I am going to put the same question to the U.S. Trade Representative. I know the question is jointly to be answered. We represent apple farmers in Western North Carolina and what I believe to be dumping of apple juice concentrate from China has totally wasted a lot of their resources.

We cannot even begin to pick our own apples for what they sell their apple juice for in this country, to our domestic juice manufacturers. What are some ways that you could use your office to address this issue, and to make our overseas markets more attractive for domestic apples?

I personally do not think we are going to do much with China, not in the near future. But you keep that in mind?

NAFTA

In fact, talk with me a little bit about NAFTA in general. Our district has been hurt more than I would expect most districts because I would say there are at least 12 major industries in western North Carolina that have been dumped on by NAFTA, and we have not seen any positive results from it.

Is this considered successful, or is the Administration looking at our trade through NAFTA's eyes to see how you can address the whole country's needs, rather than just certain parts of the country?

Secretary DALEY. If I could first, Congressman, on the apple situation, the apple juice situation from China. Let me talk to our Import Administration people, see if there has been any discussions.

As far as I know, at this point there has been no dumping case filed, but—and also let me talk to our compliance center who makes sure that if there are markets that are not open to U.S. products, that we find out whether or not there is some action we can take within the rules-based obvious society that we are.

[CLERK'S NOTE.—Subsequent to the hearing, the following information was provided for the record:]

Import Administration, within the International Trade Administration, enforces the antidumping (AD) and countervailing duty (CVD) laws to ensure the domestic industries are not injured by unfair foreign competition in the U.S. market. The U.S. AD law is designed to counter international price discrimination, commonly referred to as "dumping." Under the CVD law, Import Administration investigates complaints that foreign governments are unfairly subsidizing their industries that export to the United States.

While the apple industry has not filed a petition, we are available to meet with apple industry representatives at their convenience. Consistent with our legal process, Import Administration is permitted to meet with domestic industries to explain our procedures and data requirements, and to review draft petitions that are prepared by petitioning industries.

The MAC unit of the International Trade Administration works with non-agricultural U.S. firms, particularly small and medium-sized enterprises, to open foreign markets—and keep them open while working to reduce the U.S. trade deficit. MAC does this by solving company and industry-specific market access problems in country or regional markets and helping U.S. firms and workers to identify and overcome barriers to U.S. exports.

While the Department of Agriculture is formally responsible for removing trade barriers on agricultural products, our MAC staff would be pleased to meet with apple growers or put them in touch with their counterparts at Agriculture.

On the issue of NAFTA, NAFTA has been, in our opinion, overall, over the last almost five years, a success. There are difficulties obviously with trade agreements. There are dislocations. Some areas are positively impacted. Some are negatively impacted.

Overall, Mexico and Canada are two of our top three trading partners now. We have increased by 75% the amount of trade with these two partners. Exports from the United States to Mexico have increased since the devaluation of the peso in 1994. Exports from Mexico to the United States have increased substantially.

But our exports to Mexico are also increasing at a very healthy rate. We think that is a positive sign. And the same is true with our relationship with Canada. So overall, we think that NAFTA has been very good for all three partners.

Again, there is no question there has been some dislocation. We had the five year review this past January. There is a debate over what sort of estimates of job gain or job loss there has been. And there is quite a difference, as you could imagine, between what one side says and the other side says.

Overall, for a healthier relationship with our neighbors, we think NAFTA has been very good. It is a complex relationship with Mexico on a whole host of areas. But in trade, we think things are moving positively forward in this relationship.

NAFTA IMPACTS ON NORTH CAROLINA

Mr. TAYLOR. Well, let me illustrate: North Carolina is the tenth largest State, and our top three industries are tobacco, textiles and furniture. Well, as far as tobacco goes—I think this Administration inhaled and got a bad smoke or something, and I do not know what that is all about. We will put that aside, apart from NAFTA.

But with textiles, of course, NAFTA has just hit the whole state hard. In fact, what few textile companies that are still with us, Levi-Strauss and Burlington Industries, are even now, just in the last few months, announcing that they are downsizing and moving out of the country.

That is a real problem. And then in the furniture industry, we will not talk about the Department of the Interior, which believes no tree ought to be cut, and so it is hard to make furniture out of it. But we are now shipping furniture parts into the U.S.—one company in North Carolina gets in two containers a day from China, and soon it will be 6, 8 and 20.

And this third North Carolina industry will be gone because China can produce furniture with the few cents an hour they charge in labor and get the wood offshore to provide quality furniture.

How can we say that our trade policy is making jobs in America when you see that the top three industries in North Carolina are being devastated?

Secretary DALEY. Congressman, I think if you look at the overall job creation of the last number of years, you are talking about 18 million new jobs created in the country. The overall economy is good, as many people have seen it.

There is no question there are pockets, either by dislocation of trade or technology changes, that have occurred that have caused

pain and difficulty, steel being one, that technology has basically changed the way businesses operate.

And some businesses that used to be driven to move to Asia for production of lower cost items are now moving to other parts of the hemisphere. We believe overall very strongly that this economy, with the sort of unemployment we have and the strong economy and compared to the rest of the world, is doing very well.

But again, I acknowledge, as you do, that——

Mr. TAYLOR. Right.

Secretary DALEY [continuing]. It is not a universal, perfect situation.

Mr. TAYLOR. We are in an economic high point, I know. We started in 1980, coming back—it would bottom out on a small basis and started back up. And it is good for us in many ways, but there are good jobs and there are better jobs. There is no question that the manufacturing jobs that are being driven out of the country are being replaced with service industry jobs.

And some of those jobs created in the high-tech area are positive as far as income, but a lot of the service jobs now that are available are not in the same area of income that we had with manufacturing. And that is what troubles me in the long run.

MANUFACTURING JOB DISLOCATION

We may have the same number of jobs and even some increases; but if we are driving out our manufacturing jobs, we will not have the returns or the economic growth as far as individuals are concerned as we have had in the past. And the statistics are there for that.

Does that trouble you? Nationwide, do you look at not just the number of jobs, but what we are going to do as far as the growth of the individuals' income, if we lose more and more of our manufacturing?

Secretary DALEY. Obviously we are concerned, Congressman. We have seen the wages of Americans overall going up in many sectors. I would just say I do not have an exact number. But in the manufacturing sectors which have had a substantial decrease over the last number of years, I do not know the percent, but I would imagine a substantial percent of that is a result of the technology changes that American businesses have taken advantage of and have made them more productive, more competitive worldwide. That obviously is no solace to someone who has lost their job by virtue of the fact that they have been replaced.

Mr. TAYLOR. Or if it moves out of the country. I mean, if you can make it more productive inside the United States, people recognize that as the ability to compete. If you are lessening the competition by going to China, Mexico and wherever you only have to pay a few cents an hour, you recognize that kind of hurts the average worker here.

And we thank you.

Mr. ROGERS. Thank you, Mr. Taylor.

Ms. Roybal-Allard.

DECENNIAL CENSUS

Ms. ROYBAL-ALLARD. Secretary Daley, I would like to go back to the issue of the census again because it is my understanding that you have an updated operational plan that is based on the dress rehearsal which was just recently completed.

I, of course, am particularly interested in getting an accurate census coming from California. Based on the GAO study that was just released, California probably was one of—if not the biggest loser—of an inaccurate count in 1990, having lost approximately $2.2 billion Federal dollars, over the decade.

And of course, Medicaid in California was the largest program that was affected. I can tell you that especially the hospitals and the clinics in my district could have used that additional money.

Another finding of GAO's that is of particular importance to me was the fact that the under count affected Hispanics more than any other group, particularly in states like California and Texas, with nearly half of the under count in California and Texas among those who were of Hispanic origin.

Based on this GAO study, does the study reinforce what you already know or what you already knew? And were there any surprises? And if so, what additional actions are you taking in order to correct some of the things that were raised in the study?

Secretary DALEY. I think there is no question that the study confirms what many people had felt, and that was that, by having a less than accurate count, certain communities, certain states would be disadvantaged potentially from a representative portion and also from a distribution of over $200 billion of Federal funds.

I think the GAO study highlights the five states that were most severely hit. Some states, I think, would not be impacted if sampling had been used. But no doubt about it, California was the number one state.

That is one of the main reasons that in our discussions with communities, and local officials around the country, we have highlighted, and they have highlighted more so to us, their desire for an accurate count because they believe that they should get a fairer share and a more accurate amount based upon their real numbers and not a number that is less than accurate.

So that is what drives this process over the last eight years both from the perspective of those who looked at the 1990 census and understand that it was less accurate for the first time than any census before, and the fact that the Congress and the Administration at the time went to the National Academy of Sciences in a unified, bipartisan way to say how do we do this better in the future.

Obviously there are disagreements on how to do that. But we feel very strongly that, for the reasons and the sort of implication in that GAO report, that is another reason why we should have the most accurate census we can do. And that is why we have put our plan forward. Last week Dr. Prewitt forwarded the plan that includes sampling for distribution of Federal funds and redistricting purposes.

CENSUS ADVERTISING

Ms. ROYBAL-ALLARD. Based on the dress rehearsal, it appears that paid advertising was particularly effective in raising the awareness of the public about the census.

However, we also know from the 1990 census that even when there is a high percentage of people who know about the census, that awareness does not necessarily translate into action, in which they actually fill out the form and send it in.

What is it going to take to correct that. I know you have a good advertising campaign. We know that we could raise awareness, but we also know that awareness does not mean that people are going to turn it in.

So what are you planning on doing or what will it take to translate awareness into action?

Secretary DALEY. One part of this is obviously the paid advertising drive that we will do, the first time that the census has done this. They have depended in the past upon free advertising given by the networks and by the TV stations which were generally between 1:30 a.m. and 4:30 a.m.

And so we are putting together a very aggressive advertising campaign, both television, radio, print media, and it is twofold. One, to educate people, as you have said, to tell them what this is all about and why it is important. And then to motivate them to participate, to fill out the questionnaires and make sure that they are accurate.

We are, along with that, having pre-notification, sending postcards to notify people that basically your questionnaires will be coming. We will have an entire campaign basically prior to the April 1st date to do two things. One, to educate people up front; and then second of all, to try to motivate them and to motivate in those areas that have been historically under counted and try to target those groups.

As you mentioned, Hispanics were substantially under counted last time, much more so than anyone else.

MINORITY UNDERCOUNT IN THE CENSUS

Ms. ROYBAL-ALLARD. One of the dress rehearsals sites was Sacramento, California, and I believe it was chosen because of its diverse population. And as I go down the list of which districts actually reflected the undercount in 1990, it reads like a Who's Who of urban and racially diverse districts in cities across America.

Could you tell me what some of the special problems are associated with urban districts or diverse areas and what you did in Sacramento which will help make the census more accurate?

Secretary DALEY. I think aggressive partnershipping with the local governments, having a more accurate address list so that as enumerators do go out door to door, that they have an accurate listing of locations, which is very difficult in urban situations.

You have buildings that are abandoned or new buildings that are being built, and to make sure that we are familiar with that. We had an aggressive program with community groups to make sure that they were involved in the process.

The partnership program that we have with, again, local governments and with community groups has been updated, and I think a lot more emphasis has been put into it. So we have had a whole host of learning from the dress rehearsal, what has worked, what has not. What we did learn in that dress rehearsal, as we learned from the dress rehearsal in South Carolina and the Indian Reservation was that the under count can be substantial.

We have a much more mobile society. We have people who are less willing to deal with their government, less willing to want to get involved. They get a lot more junk mail. And so it is going to be harder this time to do what we did and just tread water, if that was our goal, to the 1990 level.

Ms. ROYBAL-ALLARD. Thank you.

DECENNIAL CENSUS PLANNING

Mr. MILLER. Mr. Secretary, good afternoon.

Secretary DALEY. Good afternoon.

Mr. MILLER. My area of interest is the census.

Secretary DALEY. Really? Okay. [Laughter.]

Mr. MILLER. Last week, when the new plan was introduced without a lot of detail, but with a new plan of a two number census, I was very disappointed. It reverses the policy and belief of the Census Bureau for years of posing a two number census.

I mean, a two number census is bad public policy, and it is politics driving bad public policy. It is a recipe for disaster. It is a lawyer's dream. Because what we are going to have is, we are going to have the Supreme Court approve a set of numbers, actual enumeration.

So every city, county, census block, census track have one number. And then we are going to manipulate those numbers and have the Clinton set of numbers which are the manipulated numbers. And every city is going to want the higher number.

As I say, it is going to be tied up in the courts if that goes for a long, long time.

First let me go back to what Chairman Rogers was talking about and why we do not have the details. While I was not involved in it back in 1997 when the Appropriation Bill was put together, there was a requirement then to have a dual track, to be prepared for both.

And then last August, three Federal judges ruled that it was—you know, it was illegal to have the sampled census, so we were going to have to do a full enumeration. So it should have been—everybody should have been very aware that that was very possibly going to happen.

In September, three more Federal judges, in another unanimous decision, said it is illegal. In January the Supreme Court ruled it illegal. And we got a detailed plan, fairly detailed plan, with appropriations and budget numbers and all for the sampled census, but we did not get it for this one.

Now we are going to get it here in a couple of weeks, we hope. The question, to follow up with Mr. Rogers' question, is who made the decision not to pursue what the law required back in fall of '97 to have both tracks being prepared?

I mean, I know we had an interim director last year, but someone had to make a decision and say well, do not worry about it, you know, we are going to win this one and, you know, so we do not need to follow that. I mean, someone had to make a conscious decision to not prepare—to not do a dual track.

Secretary DALEY. No one made a conscious decision not to finalize a plan, two totally final plans of sampling and of non-sampling traditional form, however you want to call it. The fact is, had Congress not appropriated the monies that we did use for the initial planning as we went forward, I would imagine I would be, at some point over the next number of weeks, sitting before you asking for even more money on a supplemental, or on a next year basis than we will ask because we did do planning on a second track.

Did we finalize and have a complete, final plan? No, we have not. We did not get that.

Mr. MILLER. But we had one on the other one, the more complicated one.

Secretary DALEY. That was not fully formally finalized and done. And had the Supreme Court ruled the other way, I would be sitting here probably telling you that the plan that the Census Bureau is moving forward on, the master activity schedule based upon what has happened in the dress rehearsal, what information——

Mr. MILLER. We have a master activity schedule and an appropriation request for the other plan that is illegal. And so we do not have one for the other one. So someone, in my opinion, had to make a conscious decision and not be fully prepared.

TWO NUMBER CENSUS

But let me switch over to another question. And this issue, as I saw, is a recipe for disaster. And quoting the Census Bureau, they said a two number census would be confusion, "would create confusion and controversy."

And they have been on record really against a two number census for a long time. You know, why has the position changed that now we like a two number census? And will it not create confusion and controversy?

Secretary DALEY. Congressman, we do not like a two number census either. We wish we could have the most accurate. But between having two numbers and a less than accurate number for the purposes of Federal distribution of funds or redistricting, we will have to go with two this time.

Obviously, if the Congress changed the law and allowed—and made it legal to use sampling for apportionment purposes, I would be sitting here telling you that one number is the best way. That is how we wanted to go. And if we had our druthers, as you, I would assume, would know, we would be sitting here saying one number is the way to go.

It is. But we also are at a point right now that we have to get the most accurate number. And the way to get the most accurate number is to go, in our opinion, in the way we are proceeding.

Mr. MILLER. To a two number census. It is going to be, as I say, an absolute disaster we are facing for the next decade. We were at a hearing yesterday and Congresswoman Sue Myrick, who is the

Mayor of Charlotte, was talking about—Mr. Taylor is gone. But in North Carolina, they are still tied up in the court over redistricting.

They had a new redistricting plan last year. So just imagine when every city and county is going to be suing on the redistricting plans. I mean, it is going to be a different debate.

Secretary DALEY. But those cases are not being litigated at this point because of the two number census. They are being litigated because the legislature drew lines in a way——

Mr. MILLER. But just think of the litigation we are going to have in the next decade.

You know, because we are going to have a lot—unbelievable amount of legal battles.

Secretary DALEY. Oh, yeah.

Mr. MILLER. Can you envision that?

Secretary DALEY. Oh, my name is all over them, I am sure. [Laughter.]

Mr. MILLER. I mean, but, you know, the number, you know, is going to be phenomenal. But is this going to create confusion? Now you are saying it is—your interpretation is that it is required for redistricting?

Secretary DALEY. If it is feasible for other purposes other than apportionment.

Mr. MILLER. You are listening to the same attorneys who have spent the past seven years telling you it was legal to—you know, you did not have to do a full enumeration. So you are going to listen to the same legal advice that has been wrong?

And, you know, even the CRS has issued an opinion that they think it is probably doubtful that is going to be required. I mean, I think you are going to lose this in court. I feel fairly confident, once the case is introduced, they are going to throw it out for redistricting.

I mean, you can read Judge O'Connor's opinion. You can, you know, look at other things. But you are, you know listening to this same bad legal advice and going to create the second number.

Money is a different issue. Money is a totally different issue. And, you know, I am not debating money. But for redistricting—and we are talking about an April 1 of next year's number. So, you know, I was thinking the other day this must be—you know, this is going to be great for the trial lawyers.

They are going to have a lot of fun with this one. I mean, you can imagine. You are literally going to be the Secretary of Commerce in the next decade.

Secretary DALEY. Well, I just know from 1990 that lawyers had a field day and the Secretary at the time—Mosbacher's name was taken in vain all over America, so I assume I will join his great position and have my name all over.

MULTILINGUAL CENSUS

Mr. MILLER. I introduced a ten point plan to help improve the census because we all want to get rid of the—you know, we recognize it is there and we want to do what we can. And actually, seven of my points the Bureau has been supportive of.

And some of it is just more money for advertising. I think paid advertising, you know, would be—and I think that we will find out

they are going to recommend more money for that. The languages—I asked the question about more languages.

I mean, Spanish, of course, is covered, but I do not understand—right now, for example, it is only in five or six languages. And you say well, that is just a minimal number of people. Well, if you are in Congresswoman Carrie Meek's district where there is a large Haitian population, Creole is the language.

And yet, right now, you know, there is instructions of how to do it, but they have got to fill it out in English. And the only other way they can do it is we are going to hire people on the telephone to handle the issue. I mean, a lot of other areas, you know, problems are going to have that with language.

It is not like I have a large Haitian population. I do not know, maybe Mr. Serrano does. But, you know, right now there is no way to help them but they have got to do it by telephone. I mean, it is not being—you know, trying to reduce that part of the under count I do not see.

And I do not know why the opposition—they say oh, the computers will not do it. Well, so you are going to do it by telephone with translators only?

Secretary DALEY. My understanding, Congressman—first of all, when I came in here two years ago, I was told that these questionnaires would be out in 30-some languages and I thought that sounded great when I was told it. I wondered how they could ever do it and how you could have the sort of system that would—but that was their opinion at the time, that it could be done.

I think what was proven to them through research and really putting not only pencil to paper, but probably some real understanding of how difficult and complex that would be, that it was just not feasible. My understanding is the six languages which the questionnaire would be printed up in—English, Spanish, Korean, Vietnamese, Talalog and Chinese—thank you—covered 99% of the people, so it became almost a cost benefit issue. It would be great if we could supply a questionnaire to every person who may have every language, and I am sure there are more than 33 languages that are spoken out there.

Mr. MILLER. Even Braille is not even included in this.

But I mean, the thing is, these are the most under counted populations. To me, we can go the extra mile to make it possible and they are not going that way.

POST CENSUS LOCAL REVIEW

Let me go to another issue that—and that is post census local review. This is essentially supported by all local officials. I have not met a local elected official that is opposed to post census local review. You are familiar with what we are talking about.

Now, Director Prewitt is saying that we cannot make any changes in the plan because it is already set in concrete, even though the plan is not available. But you are saying today that the plan is not set in concrete. And then the Advisory Committee of the—your Census Advisory Committee has recommended in favor of post census local review.

Because, as I say, I have not met an elected official—there was 124,000 people added in 1990. And they say well, I guess those are not important anymore or such. I mean, you know——

Secretary DALEY. Well, they are very important, Congressman, and I do not look at that. We take all ten and all the other recommendations that you have made or may make very serious. Our goal is to do exactly what your goal is, and that is to count the largest number of people who are here in the United States on April 1st.

The post census local review did not work well in 1990.

Mr. MILLER. But it added 124,000 people.

Secretary DALEY. Only a quarter of the governmental entities participated. It was not as successful as some people think it was. Right now we have greater local participation in the pre-census run up than we have ever had in putting together our address lists. We have 84% of the local entities helping us.

Mr. MILLER. But that is before. This is kind of like the audit. I mean, you have audits of books if you are in the private sector.

Secretary DALEY. Well, that——

Mr. MILLER. Like after the fact, why can we not—we have a real trust problem with this census, as you know. I mean, you know, and so now we are saying to the local mayors and county commissioners and township officials, you know, you cannot look at these numbers, we do not trust you anymore.

Secretary DALEY. Well, I can speak——

Mr. MILLER. What harm does it do? Dr. Prewitt could not find any harm.

Secretary DALEY. I do not think it does harm in the sense of—well, as you define harm. I know that what we have done with local governments in this audit, as you call it, is to try to audit the address list, which is the most important thing we can have accurate on April 1st by virtue of going to the local governments, saying that this is the urban address list we have, update it, continue to update it.

If there is new construction going on, let us know. Get that all pre April 1st. If we keep this going afterwards in kind of an open-ended audit, it will make it very difficult to finish and have an accurate count—because I would imagine there will be some who will want to come in on December 31st and say there are two new people who just moved into my city and please count them because I am two people under a million and that is the magic number I have to get to.

So our goal is to try, between January 1st and April 1st, so that on April 1st we know that we have the most accurate mailing—or address list of new residences, new construction so that——

Mr. MILLER. That is all good. I mean, those are good programs and I am, you know, glad to see that the Bureau is moving in that direction. But the thing is that little bit of trust that we need. And for those communities—I mean, mistakes are made.

We had one congressman testify in Wisconsin that a whole ward was mysteriously left off. Of course, the Bureau corrected it. And Bureau sets the standards of—you know, you do not add two people I mean, I would agree with that. But it is just——

Secretary DALEY. But I know a few mayors who probably would not agree with that. One in my family. [Laughter.]

Mr. MILLER. Well, as you know, the Mayor of Detroit added 45,000 to Detroit. So is it so set in stone that we cannot make any changes or, I mean——

Secretary DALEY. Well, I think we feel very confident that what you are trying to address is being addressed as best we can with this pre-census involvement by the local agencies—local governments. And to try to do the post-census is not going to give us the sort of numbers.

We think we can accomplish it—part of the reason for that post survey having 124,000 is because they did not do as good of a job before April 1st as we plan to do.

Mr. MILLER. Actually, if they do a good job before, then there should not be anybody added, so it does not hurt to do it then. You know if everything is corrected, you know, in the pre-census——

Secretary DALEY. But you cannot do everything.

Mr. MILLER. You know, it is just a matter of whether——

Mr. ROGERS. Mr. Wamp.

Mr. MILLER. Thank you.

Mr. WAMP. Thanks, Mr. Chairman. I was thinking just a minute ago, Mr. Secretary, when I was growing up and my dad would whip my butt and say, "Hold still and take it like a man." And I admire you. You are tough.

This day cannot be too easy for you. I serve on the Interior Subcommittee and down there we sometimes get on Secretary Babbitt like that and he squirms and yells and wiggles. It is kind of nice to see a guy, and maybe it runs in your family, that can take a harsh word or two. Maybe you are tough from where you grew up. [Laughter.]

Secretary DALEY. I am the youngest of seven, so that is the real reason why I can take a lot. [Laughter.]

DEPARTMENT OF COMMERCE Y2K COMPLIANCE

Mr. WAMP. Your testimony says that you have moved from 25% on Y2K compliance, I think, to 85%. Tell me more about NOAA. Where are they? That would be a great concern of mine on Y2K compliance with NOAA.

Secretary DALEY. Let me—to be honest with you, Congressman, I do not have it broken down by bureau. Let me just take a minute and—if I can ask Scott Gudes, who is the Deputy Under Secretary for NOAA.

Mr. WAMP. Please.

Secretary DALEY. Tell us where NOAA is.

Mr. GUDES. I'm Scott Gudes, Deputy Under Secretary at NOAA.

We are in pretty good shape. The big lead issue is the Class VII, Class VIII conversion at the National Center for Environmental Prediction. We need to get that Class VIII up and operating. That is our lead issue.

Mr. WAMP. Okay, keep us posted as the year goes by on that particular issue. I know with all the events that we have had in the last weeks and months and years even, that should be a primary concern.

LANDS LEGACY INITIATIVE

And then furthermore, kind of following up on that, being on Interior I am, like Chairman Regula, concerned somewhat about Lands Legacy because it is a multi-agency—how many agencies are involved in Lands Legacy?

Secretary DALEY. I think there is somewhere around five or six, at least.

Mr. WAMP. And as you say, five or six, and the total expenditure is somewhat unclear. And you said earlier you are not exactly sure how the land management issue would be handled. And one of the concerns we have on Interior, not being paranoid, but just being concerned and cautious, is any of this kind of a back door approach to some of the issues relative to Kyoto, climate change?

I notice that on your natural resource initiatives in your portion of Lands Legacy, Ocean 2000 and Climate in the 21st Century are the names of some of these programs. Last week we had Secretary Richardson appear before the Interior Subcommittee and surprise us with an emergency $14 million dollar request for Y2K compliance for a nuclear reactor in the former Soviet Union.

That is kind of a side issue. But there is so much global—so many global problems now, and I just wonder—I guess clarification that your department—or there is not an initiative to try to circumvent, in the absence of a Kyoto Treaty and the Senate ratification there, that this is not part of an effort to try to put together a multi-Agency, hard to pin down, hard to define, multi $100 million dollar initiative to try to implement some of the climate change initiatives that you cannot get approved.

And therefore, if you just split it out, spread it out, split it up and make it confusing, maybe they do not know what we are doing with a whole lot of money coming from ten different directions. And on the Interior Subcommittee, we feel some of that happening, but you cannot really put your finger on it.

Secretary DALEY. None of the funds for the Lands Legacy program in the Department of Commerce will be used for atmospheric conditions. And now, quite frankly, if our ecosystem improves, that is going to help the objectives of a Kyoto. But those objectives are what we all share.

But I can assure you that this is not being put together and our programs in the Department of Commerce are not being put together for the purposes that you fear.

Mr. WAMP. And so the $105 million dollar request for fiscal year 2000 is just for lands in the areas that you described earlier and the preservation of those lands which will improve the ecosystem, and it is just basically a domestic initiative through the Department of Commerce?

Secretary DALEY. Yes.

Mr. WAMP. Okay.

Thank you, Mr. Chairman.

CARIBBEAN BASIN INITIATIVE

Mr. KOLBE. Thank you, Mr. Chairman and Mr. Secretary. My apologies for not being here. But when we have these multiple committees and as chairman of one subcommittee who was chairing a

hearing this afternoon it is difficult to be two places at once. So I am sorry I was not here earlier.

I have a feeling there has probably been a few questions asked of you about the census today. [Laughter.]

Secretary DALEY. No, it did not even come up today. We are waiting. [Laughter.]

Mr. KOLBE. So I think I will just pass on that one.

Secretary DALEY. Thank you.

Mr. KOLBE. Except to let you know that I share the concerns that my colleagues on this side of the aisle have expressed about your idea for two numbers in the census.

Let me ask you a couple of other issues here that I have some concern about. We are going to consider a supplemental tomorrow that is going to have some money for the Caribbean to cover the extraordinary costs of Hurricane Mitch and Hurricane Georges. I was down there with the Vice President's wife shortly after Hurricane Mitch hit Honduras, and the devastation is absolutely extraordinary.

But I am also concerned because that supplemental does not—and I think appropriately, since this is not an appropriations bill—not include anything dealing with what I would consider the long term problem, and that is trade enhancement.

Congressman Crane and I are preparing tomorrow to introduce legislation for a Caribbean Basin Initiative, which I know you are familiar with. And I am wondering if you might comment on the need for some kind of a long term economic development for the Caribbean region and Central America.

Secretary DALEY. I share your concern, Congressman. As you know, the Administration supports the Caribbean Basin Initiative. Many of the industries in the Caribbean have been dramatically negatively impacted over the last number of years, especially since NAFTA was passed.

And we are hopeful that Congress this year will move forward on that and some other trade issues.

We have put together, out of the Department of Commerce, a team that we took to Central America about a month and a half ago that David Festa headed. And we have come back, and reported to the U.S. businesses to get them engaged in looking to help in Central America to do the sort of projects that are needed by virtue of this hurricane.

And we are reaching out to the business community to tell them one of the opportunities that may be there to help bring our expertise and to encourage them to continue the sort of support unilaterally that they have done in a humanitarian way.

But as far as the trade issues are concerned, I think we have got to look to find ways to help the Caribbean not just through aid, but some additional trade initiatives. First one and the best would be the Caribbean Initiative, in my opinion.

Mr. KOLBE. Well, thank you. I happen to agree with you. Long term, I think it is the most important thing that we could do for that region.

WORLD TRADE ORGANIZATION MINISTERIAL MEETING

On another trade related topic, do you have anything in your budget—I guess it would really be for this year, but maybe in 2000 budget request—for the preparation for the WTO ministerial meeting that will be taking place here this fall?

Are you going to have—I know that is primarily USTR's responsibility, but Commerce has a large role to play in that.

Secretary DALEY. We will play a large role but we are trying to figure out right now how we can be supportive of the USTR. To be frank with you, we have not allocated people yet to the program. We are waiting to have all of the interagency process develop, what it is each of us will be doing.

Mr. KOLBE. What takes place, of course, here in the United States, as you know, and there will be a large operation that goes with that—and I would just be interested in knowing that role. As you see that developing, please let us know what role you see Commerce playing in terms of support, research, and the preparation for the various topics that will be coming up at the meeting.

Secretary DALEY. We have been in consultation, obviously, with the Trade Representative's office, State Department, the other agencies of Government to try to help lay out the agenda. And we have not, as I say, allocated personnel or resources yet.

But we know, because we have such a large piece of that, our Market Access and Compliance unit and our Trade Development unit in ITA are going to put substantial resources to support USTR.

[CLERK'S NOTE.—The following additional information was provided for the record:]

While we have no increase request in the FY 2000 Budget for the Department's involvement in the World Trade Organization (WTO) Ministerial, we have an increase request in the budget for our Market Access and Compliance unit (MAC). I would anticipate that some of these resources will be used to assist in Ministerial work.

ITA will be actively involved in preparing for, and participating in the WTO Ministerial. Our MAC unit will be working closely with the whole U.S. Government interagency team on issues ranging from government procurement to technical barriers to trade. Our sectoral analysts from our Trade Development unit will be working with their USTR and other agency counterparts on issues ranging from tariffs to non-tariff barriers to key U.S. manufactured goods and services exports and will consult actively with U.S. industry. Our Import administration staff will be working to ensure that the new negotiations to reinforce our ability to aggressively enforce the nation's trade laws.

Once the Ministerial is concluded, we expect Commerce to play an active role in virtually all the negotiating groups that will likely be put in place to conduct the negotiations. This has been the pattern in past negotiations.

STEEL IMPORT CRISIS

Mr. KOLBE. Thank you. I know before I came in there was some discussion about steel imports and concerns about anti-dumping.

Is it the Administration's view that we need legislation to deal with this recent surge?

Secretary DALEY. At this point, we believe the actions that have been taken through the existing dumping laws have addressed the concerns of industry and the workers last year, and that was to stop the import surge that came in. We believe, based upon Decem-

ber-January numbers, there has been a substantial, over 70%, decrease from Japan.

I think it is 90% from Russia. And we think we have addressed the problem as far as those three countries which were the three largest importers of steel in the United States, hot rolled steel specifically. So we think we have gone a long way to slow down, if not stop, in the hot rolled area the dumping that went on last year, which did have an impact, as we know, on the steel industry and steel workers.

Mr. KOLBE. Thank you.

NAFTA

And finally, Mr. Chairman, my last question would be—it is really more of a statement, I guess, than a question. I understand before I was here there was some criticism of the North American Free Trade Agreement. And I just want to say, as one who does live near the border and sees the effects of this, certainly there are problems that have resulted from this.

But I do not think anybody can look at NAFTA and see that it has not been overall a benefit to the United States as well as to Mexico. The steady increase in the amount of trade that we are doing with Mexico, both imports and exports to Mexico, has been very, very substantial through the years.

And you look at the job creation in the United States, the low unemployment rate, one would be very hard pressed, I think, to attribute any major macroeconomic sense, any kind of job loss to NAFTA. Of course there are jobs that shift around everywhere—whether it is to Malaysia or whether it is to Mexico.

That happens all the time. But I think by and large there has been a tremendous benefit. And certainly the help that it gave Mexico in the peso stabilization after their peso devaluation occurred in 1995 I think has been very substantial.

I do not know whether you want to just comment on that.

Secretary DALEY. I would agree with you. Mr. Taylor had asked the question, based upon dislocation that has occurred in his district, in his opinion, by virtue of NAFTA. We, as I stated to him, share the same sort of concern.

But at the same time, we believe it has been extremely helpful. And I know in 1993 you played a most important role in passage of NAFTA. And so I think—we believe strongly that it has been a positive for the United States and for our two neighbors who have now become two of our top three trading partners.

Mr. ROGERS. Thank you, Mr. Kolbe.

CENSUS OPERATING PLAN

Now Mr. Secretary, back to the census. Have you seen a detailed, operational plan for the census?

Secretary DALEY. I have seen the plan, the summary that Dr. Prewitt announced last week. We will be meeting to go through the master activity schedule as it is laid out and as it is finalized.

Mr. ROGERS. But you have not seen it yet, the Master Activity Schedule?

Secretary DALEY. I have not seen the one that will be finished and finalized. I saw one my last visit about a year ago out there that obviously is not accurate.

Mr. ROGERS. But you have not seen the one that they are planning on now. How can you say that then it is feasible?

Secretary DALEY. Well, the people at the Census Bureau, the people who are charged with develop——

Mr. ROGERS. I am asking you. I will ask them next week.

Secretary DALEY. Quite frankly, Mr. Chairman, not being an expert or a statistician——

Mr. ROGERS. You cannot say?

Secretary DALEY. Independently, in my own knowledge, I could not tell you that plan, based upon just knowledge that I had in and of myself, is feasible. But as we all do, we depend on the people who develop the plans and are the experts based upon their experience, both those who have been at the Census for years and the people that we have brought in to put this plan together.

Mr. ROGERS. Well, you are willing to trust the Bureau Director to say that it is feasible, right?

Secretary DALEY. Yes, sir.

Mr. ROGERS. Well, good for you. But we do not do business that way on this Subcommittee. We need to see the plan before we determine that it is feasible. And we just cannot do that because you have not been forthcoming with the plan, though you have had every day you have been here as Secretary, and then before you we had the other secretaries who would not show us the plan.

How do we know that the statistical adjustment procedure is accurate? The Bureau, as I understand it, plans to do the same procedure tried in 1990 on the statistical adjusting. And yet, we learned almost three years after the fact, after that census was over, that the adjusted numbers advocated by the Census Bureau were wrong.

They overestimated the undercount by a full percentage point. Now you claimed to have fixed the problem for 2000, but we have no way of knowing that because we cannot get an evaluation of the dress rehearsal. We have not even seen that.

We will not see that, we are told, until later this spring. Yet, you are up here asking for your budget and it just will not work that way.

Comments?

Secretary DALEY. I would just say, Mr. Chairman, that I believe that the data from the dress rehearsal has been supplied to the Committee, and surely the report by the Director on the dress rehearsal has been put out. Whether it is exactly what you or your staff wanted—if there is a clarification as to what you need, I would surely go back to the Census and accomplish what you want.

Mr. ROGERS. Well, the report that they gave the staff said a complete evaluation of the results will be provided later this spring. So we just have not seen it. We have seen a rough summary, but we do not do business that way.

TWO NUMBER CENSUS

Now, to follow up on Mr. Miller's line of questioning, for four years the Administration argued blindly for a one number census,

arguing that "anything else would mean chaos and endless litigation," to quote you and your staff.

The Supreme Court says you have to actually count now for apportionment purposes. Now you quickly change gears and say well, two numbers are fine, a two number census is fine. I guess what I am going to ask you is who is going to decide which set of numbers to use for whatever purpose?

Will States be given the option of using the actual count or will they be able to pick the Clinton count?

Secretary DALEY. First of all, Mr. Chairman, as I stated, we wish we had one number. We need to have the most accurate number, however, and we wish that the Court had ruled that use of sampling for apportionment was legal. We would have had one number that we could put forward that we believe was the most accurate.

Right now the States have the option. They can do their own census. We supply the number to them for redistricting purposes. The States can do whatever they want with it for redistricting purposes. They could go off and decide whatever method, as I understand it, they would want to use.

So they could conduct their own census. They could take our number and, in their individual wisdom, decide how they want to use it or whether or not they want to use it at all.

Mr. ROGERS. So we could see a scenario where New York State chose the Clinton numbers to redistrict within the State, Arizona picks the actual enumeration numbers for redistricting within their State, and we wind up with these two gentlemen representing districts that are not equal?

Secretary DALEY. Before——

Mr. ROGERS. Do you think the Supreme Court might have a say in that?

Secretary DALEY. The Supreme Court may have a say in that. But even before this census—in the 1990 census, New York, in their individual judgement, could have decided not to take the number that was done by the Census and conduct their own census and move forward.

They had that choice at that point.

Mr. ROGERS. Well, I think most State constitutions and State laws read "the official decennial census number." So my question to you is—which one of these numbers will you designate if you do any? Are you going to designate one of the two numbers as the official one?

Secretary DALEY. We will forward to the States for redistricting or for the apportionment of Federal funds the adjusted number that is the most accurate number for them to use for those purposes. What they then decide to do with those numbers I would imagine legally is up to the individual States.

Mr. ROGERS. But will you also furnish them the actual enumeration numbers?

Secretary DALEY. They will have, for apportionment purposes, that number for each of the States. That will be available.

Mr. ROGERS. Will you designate, or will the Department or anyone else designate, either of these numbers as the official census number?

Secretary DALEY. We will—for apportionment purposes, we will send the number to Congress. According to the law, that is required. And then for redistricting and for distribution of Federal funds purposes, we will supply the official number for those purposes from the census that will be an adjusted number.

Mr. ROGERS. So you are going to call the adjusted number the official number?

Secretary DALEY. For the redistricting and for apportionment of Federal funds, that will be the number that will be used. For apportionment of House seats that will be given to the Congress, the number based upon the decision of the Supreme Court will be the one that will be given to you.

Mr. ROGERS. Again, to repeat the question, will you designate——

Secretary DALEY. I am not trying to play games. I do think that I have tried to answer it, and I think there is a number for apportionment purposes that we will give the Congress based upon the Supreme Court ruling. And we will supply to the States, for their redistricting purposes, a number.

Now, whether we have two official numbers, one that is official for apportionment purposes or one for redistricting and, slash, distribution of funds, let me ask for a moment here, if I may.

Yes, they are both official. One is official for apportionment purposes and one is official for the other purposes that are feasible based upon the court decision.

Mr. ROGERS. The lawyers are lining up at the doors. [Laughter.]

Now let us switch to another more pleasant topic, if we can. [Laughter.]

NOAA BUDGET PROPOSALS

We try to wind up on a good note. NOAA. There are numerous problems to even get off the starting block with your NOAA budget proposal. First it calls for a 14% increase, a $280 million increase. Fourteen million dollars in navigation fees as NOAA's share of the Coast Guard fee on navigation and vessel traffic services that has been proposed and rejected twice.

So it is not going to happen. Fishery management fees of $20 million that have been proposed three times in the last six years rejected by the Committees of the Congress. Not going to happen. One hundred and five million dollars from the Land and Water Conservation Fund to fund a number of initiatives in NOAA, whereas, the existing statute makes these funds available for the National Park System, National Forest System and the National Wildlife Refuge System. The subcommittee that has had jurisdiction over the Fund has always been the Interior Subcommittee.

One hundred million dollars for an unauthorized program for grants to four States for Pacific coastal salmon recovery, the exact uses of which no one has been able to define, and which the Department did not even request as part of its budget but came forth as a last minute add on from somewhere on high.

Numerous new initiatives and increases for programs under the Coastal Zone Management Act and the Endangered Species Act, which are unauthorized. Where do we even start on a budget pro-

posal that has so many possibles and "ain't never gonna happens" in it as this one?

That is more pleasant than the last one. [Laughter.]

Secretary DALEY. I thank you for the courtesy, Mr. Chairman.

NOAA USER FEES

On the fee situation, we do feel there is obviously a disagreement, but we do feel that those—that there are circumstances where discrete users of these services like navigation fees and the private sector commercial users who are—who depend upon those services that we provide should be paying a certain amount, small amount that it is, in order to cover some of the expenses to provide all of these services that we provide for much of the private sector.

We feel strongly that as the costs increase for a number of these programs and a number of these services that we are providing to private sector, that—and we have done it in certain other areas, in ITA and others, that the users of these services should be paying a small amount of fees for some of these services.

LANDS LEGACY INITIATIVE

We would hope that Congress would begin to agree that some of these private sectors should be using this. We do believe, as I mentioned to Congressman Regula, that the Subcommittee does have authorization regarding the $100 million Lands Legacy issue to use those funds.

We do want though a permanent sort of funding source after 2000. And we would like to work with you and the Congress to come up with that. The other increases that you have cited we believe are extremely important to keep our economy strong and keep these parts of our Nation which are important to us strong, and the services that NOAA gives are extremely vital to many of these parts.

PACIFIC COASTAL SALMON FUND

The salmon situation, there has been an 84% drop in salmon, which is an important part of the economy of the northwest and some very difficult challenges for us in the Northwest to deal with based upon congressional action.

And we will work closely with the States and the tribal communities in the Northwest to come up with a grant program and make sure that this money, if it is appropriated by Congress, will be well used.

INTERNATIONAL TRADE ADMINISTRATION FUNDING

Mr. ROGERS. Now the trade deficit, record trade deficit, was announced the other day, up 53% from 1997 in large part because of a decline in exports. You propose relatively modest increases in positions for the U.S. and Foreign Commercial Service and in Market Access and Compliance for enforcement.

There is a crisis out there in trade—in the balance of trade. A lot of cheap imports coming in, decline in exports despite all the export promotion that you have been doing. Where is the response

to this trade imbalance in your budget other than a slight increase in foreign commercial service?

Secretary DALEY. There has not been a dramatic increase, you are right, in the ITA. Our request for the increase in Market Access and Compliance is an important step in trying to make sure that we enforce and have other nations enforce the agreements which we have reached.

Our export promotion and our request we believe is adequate. In spite of the tremendous drop, as you mentioned, in exports, we believe that our 100 domestic offices and our 75 international offices do fill that void. And we will be even more aggressive than we have been.

But the trade deficit is a result of two things, Mr. Chairman. As we know, one is our strong economy, which we hope to continue. And second of all, because of the drop in the Asian and some other economies, one of the things that I know the Congress has done with their replenishment of the IMF and the strong statement which Congress made on that behalf was to try to strengthen these economies. Because if they do not come back, then the likelihood of our exports increasing will diminish.

EXPORT PROMOTION EXPANSION

If I may, Mr. Chairman, our $13.8 million expansion of the U.S. and Foregin Commercial Service, the following are its components: $4.2 million to open six new commercial posts in Subsaharan Africa and establish an African-based training center; $4.6 million to open three new commercial posts in Asia and grow our presence in China and the Philippines; $2 million in Latin America to open new posts in El Salvador and Uruguay and enhancing our staff in Mexico, Brazil, Argentina and Trinidad-Tobago; $1 million for the three standard attachés in Russia, China and South Africa. This will ensure that our standards that develop are transparent and harmonize; and $2 million for Joint Export Technology Project with NIST and the Manufacturing Extension Partnership to help manufacturing SMEs that Congressman Taylor talked about enter the export market easily.

U.S. AND FCS EXPANSION—RELATIONSHIP WITH DEPARTMENT OF STATE

Mr. ROGERS. Now, your request includes an increase for FCS personnel in Asia, Latin America and Africa. The State Department budget request asks $3 million for an increase in their market promotion efforts in those same countries.

Are you aware of the overlap? And if so, why?

Secretary DALEY. To be honest with you, I am not aware of the fact that they have requested that amount for promotion. We try to cut down the duplication that may occur between the agencies. I know the Department of State has been very aggressive in trying to, as we do, promote U.S. exports and U.S. business opportunities.

And so I would imagine we could complement each other with those sort of amounts and activities.

Mr. ROGERS. Do you think you can better handle export promotion or can the State Department?

Secretary DALEY. Of course I believe we can do a better job.

ADVANCED TECHNOLOGY PROGRAM FUNDING LEVEL

Mr. ROGERS. Halt the presses. Finally, about ATP. I was surprised at your request for the Advanced Technology Program, $251 million. That is a $54 million increase over the '99 level.

Last year, in the negotiations to wrap up the appropriations bills in October, the massive deal with the White House, we had a series of discussions with OMB about arriving at a funding level for ATP that could remain more or less level for the next couple of years and get us out of this annual debate over funding.

We thought we had that settled last year, and that level was approximately the level we ended up at in '99. You were not there at those discussions, but what can you tell us about how ATP ended up requesting a $54 million dollar increase contrary to the agreement we had with OMB last October?

Secretary DALEY. Now, Mr. Chairman, as you stated, I was not there. If there was an agreement that was made, it had not been brought to my attention. I think we had this discussion once before I think in the first year I sat before your Subcommittee.

We believe ATP has been a successful and a positive program. We think we have also changed the nature of it so that it is a program that is targeted to small businesses. In '98, 67% of the new awards went to small businesses, which I know was a concern to the Subcommittee when I first came here in the makeup of the ATP program.

So I cannot, to be frank with you, Mr. Chairman, comment on an agreement that you say was reached in October regarding the funding. But we have been committed to an increase in ATP because we think it is a good program and has worked.

Mr. ROGERS. OMB was the one pushing that deal to fund ATP them again this year at a comparable level. They were the ones that pushed that deal and we reluctantly, more or less, agreed to it. So we feel a little bit sandbagged here, as you might suspect, by OMB.

I wonder if it is ever going to get to the point when we ask OMB to come and sit beside you when you testify. I think that would be altogether appropriate because they are driving so many of the decisions that you have to come and defend, and I regret that.

Maybe we ought to just subpoena the OMB up here to tell us the figures for the 2000 Census because they are driving you and everyone else. What do you think about that?

Secretary DALEY. I think I probably should not comment on what I really think—[laughter]—and just say that I would leave it at that.

I do—well, I better leave it at that.

Mr. ROGERS. Go ahead. [Laughter.]

Secretary DALEY. No, I think——

Mr. ROGERS. I won't tell nobody.

Secretary DALEY. They are sitting behind me and I can feel their eyes staring at me now, so I better leave it.

Thank you for your comments though, Mr. Chairman.

Mr. ROGERS. Anyone else have questions?

Mr. Serrano.

U.S. AND FCS OVERSEAS SECURITY

Mr. SERRANO. Thank you, Mr. Chairman.

Secretary, this may come as a shock to you, but we have decided up here that when Dr. Prewitt comes we are only going to ask him about import and exports—[laughter]—and never touch on the census.

And let me just ask you something here. We had a hearing last week on embassy security. And I know that it has been touched on, the fact that there will be more people now from your Department based overseas. How does the increased threat to U.S. facilities and staff overseas impact the Commerce Department's ability to successfully improve export opportunities for American business?

Is that something that you have to worry about as you set out to do business?

Secretary DALEY. It is of concern to us, Congressman. Most of our commercial service operations and personnel are located in the embassies, so they are secure facilities. We had begun a program to begin to move some of those out of the embassy to be a little more accessible to our potential clients and customers, but that looks as though it may be difficult to do.

We are doing an analysis of our commercial service operations as to their security level, and I would obviously like to talk to you on the side about that. But we feel confident that our people are secure. We have experienced, as so many other Federal employees did in the bombings in Kenya and Tanzania, many people who were injured.

We had four nationals in Kenya killed. We had two of our commercial service people seriously injured. So it is of greater concern to us today, quite frankly, than we thought it would be a year and a half ago when we began a process to move commercial service people out of embassies to be more accessible.

TRADE WITH LATIN AMERICA

Mr. SERRANO. And I notice that when you were mentioning the different areas, you did mention Latin America. And for years, Mr. Secretary, there was a feeling south of the border and in some areas like the south Bronx and L.A. and so on that we were not making that extra push to trade with Latin America.

So notwithstanding whatever may come from NAFTA, and some people on this panel support it and others oppose it, is there an effort now to reach out to those neighbors who, for many years, were neglected in our trade efforts?

Secretary DALEY. We are very aggressive. And in our request to the Committee for additional resources for the U.S. and Foreign Commercial Service, Latin America is one of our primary targets. It has been one of the few markets in the world over the last year of turmoil that have continued to see an increase in exports from the United States.

We believe strongly that if we could move to the free trade area of the Americas eventually, that will be very helpful in increasing our exports and increasing the economic integration of our hemisphere, which will only help us and give U.S. companies who are disadvantaged right now greater opportunities in Latin America.

So it is a focus of ours. I have done one trade mission. I am leading another trade mission later this year hopefully to South America and Central America. And it is a major focus for us, as I know it is for the entire Government.

ANALYSIS OF POTENTIAL FOR TRADE WITH CUBA

Mr. SERRANO. Let me ask you a question on one of my other favorite subjects in this House. Do you know, Mr. Secretary, if the current trade embargo on Cuba prevents your agency from doing any analysis as to what that market would look like for American business if it was open?

I mean, without obviously making any statements about whether it should be. The Administration's policy is to strangle the Government until they cry uncle. But those of us who think that will change someday wonder what will that market be like for us, especially since I am one of those who believes that the embargo against Cuba will end when Wall Street wants it to and when American farmers scream the way they are beginning to scream now.

Do you know if—so my first question is, has anything like that ever happened that you know of, any study? And secondly, do you know if current Helms-Burton laws and so on prevent you from going out and doing that study now in anticipation of a change?

Secretary DALEY. I do not know the answer to the second question, Congressman, whether we would be prohibited. I will get back to you and let you know. All I can tell is from anecdotal information. We hear from U.S. companies frequently of their strong feeling that there is real opportunity in Cuba.

How to quantify that and put a number on it, I would like to give some thought and talk to our trade people and see if they have—if we have not done it, do they have outside sources that have done it and get it to you.

TRADE WITH CHINA

Mr. SERRANO. And my last question on trade is: On the other side of our misled policy—and you will notice, Mr. Chairman, I am calling my party's policy misled, so I am very fair on this kind of thing—we trade with China, but at the same time we denounce China everyday for its behavior, its government behavior.

Does that create—what kind of a situation, I wonder, does that create for your agency? I mean, on one hand part of your role in life is to make sure we trade more with China. On the other hand, part of your role is to be part of an Administration and a Nation as a whole that condemns China on a daily basis.

Is that a problem or is that a problem for someone else?

Secretary DALEY. Well, it is a problem in the sense that if there are opportunities for U.S. businesses, and therefore U.S. working men and women around the world that are—and markets that are close to us, especially a market that would be so close and we would probably be in an advantageous position, it puts us in the Commerce Department in a position of regretting that.

But it is obviously decisions that Congress has made that has prevented us and the U.S. business community from doing busi-

ness, so we just move on to markets that we know it is legal to do and just support our U.S. businesses.

MINORITY UNDERCOUNT IN CENSUS

Mr. SERRANO. My last comment, Mr. Chairman, getting back to our favorite subject of the day, it is interesting to note that I have a special interest in a fair count since the 16th Congressional District in the Bronx, which is represented by that charming, debonair Congressman Serrano, is the most undercounted district in the Nation.

It is also interesting to note that of the first 35, Mr. Chairman, districts in order of the most undercounted to the least, of the first 35, 28 are represented by the Hispanic or African-American members of Congress.

Now, usually, in today's world, that means that those people who represent those districts usually means that the population of those districts reflects the representation in our case, meaning that the top 28 districts (not representative of the 35) are minority districts, if you will, which are probably the ones obviously in need of the education dollars and health care dollars and so on.

So I make that point not only to bring my sympathy part into it on being the most undercounted district in the Nation, but secondly to remind us that a fair count means education help, it means health care help, it means job incentive programs for the people who we most need it for so that they can grow up or later on become good taxpaying citizens.

And with that, Mr. Secretary, I thank you for withstanding us—all of us today. And we look forward to working with you in making sure that all these things take place. And when we do end the embargo on Cuba, I want you to—do not laugh. It could happen. You never know.

We would want you to have some figures for us on that.

Secretary DALEY. I will get back to you on both of those questions, Congressman.

[CLERK'S NOTE.—Subsequent to the hearing, the following information was provided:]

The Helms-Burton laws do not prevent the Department from doing a market analysis of Cuba. However, in light of Helms-Burton and the Cuban Assets Control Regulations which prohibit the export of products, technology and services from the United States and Cuba (with the exception of publications and other informational materials, and certain humanitarian goods such as medicine and medical supplies), we have not undertaken such an analysis given that U.S. companies can not take advantage of such a product. We are prepared to undertake such an analysis should U.S. policy toward Cuba change.

Mr. ROGERS. Mr. Secretary, we had promised to have you out of here by 4:00. We have missed it by 12 minutes, and I apologize for that. Thank you for your time and your attention. We look forward to hearing from you soon.

Secretary DALEY. Thank you very much, Mr. Chairman.

QUESTIONS SUBMITTED BY CONGRESSMAN LATHAM

Public Telecommunications Facilities Program (PTFP)

QUESTION: A few years ago, the Administration did not request any funding for the PTFP program within NTIA. In support of the program, this subcommittee has provided $21 million each of the last two years. So, I am sure that you can understand my surprise when I saw that the Administration requested $35 million for PTFP in FY 2000 and $299 million over the following three years. What is the Administration's reasoning for this about-face in policy?

- **The increase of $14 million in the PTFP program is slated exclusively to assist 26 stations with digital conversion. Does NTIA then plan to use the base program of $21 million exclusively for analog equipment grant requests? Will this division continue in the out-years, where analog equipment grants are funded with the existing program level and the subsequent request for program increases ($266 million over three years) will fund digital conversion?**
- **Does the Administration plan on continuing to fund analog radio and television broadcasting equipment requests from the $21 million program funding level? If so, for how long? If not, why?**
- **Will digital broadcasting equipment requests have priority over analog requests?**
- **If so, how does the Administration expect public stations in lower income and rural areas to maintain their analog equipment as digital television comes on-line for wealthy consumers and those in high population density areas first?**

ANSWER: The Administration's FY 2000 request for PTFP is consistent with its past support for public broadcasting and its goal for a balanced Federal budget. The Clinton-Gore Administration has supported PTFP during its entire term in office. The increased funding request reflects equipment needs placed on broadcasters by the Federally-mandated transition to digital broadcasting. The transition requires the construction of a new digital transmission system for each of the 353 analog public television facilities servicing the American public.

The Administration's budget request seeks to ensure that all public broadcasters meet the requirement established by the Federal Communications Commission (FCC) to pass through a digital signal by May 1, 2003. This deadline allows the analog spectrum to be auctioned by the 2006 date, established by Congress and mandated in the Federal Balanced Budget Act of 1997. The Administration believes that funding through PTFP will be the most efficient mechanism to ensure that stations are able to meet the May 1, 2003 deadline.

The Administration's request for PTFP's total funding is principally for public television's digital conversion, however, PTFP would continue to support the basic equipment replacement and emergency needs we do today for public television and public radio. The Federal commitment to supporting public radio applications through the PTFP represents about $3 million in funds each year. These funds assist public radio in extending their service to areas of the country currently not receiving a public radio signal and for equipment replacement.

PTFP plans to continue to set-aside between $2 and $3 million more for public television equipment replacement projects, whether for emergency situations, i.e., applications resulting from emergencies or catastrophic damage such as from a natural or man made disaster, or for the replacement of existing analog equipment. PTFP will continue to work with the Corporation for Public Broadcasting's Digital Task Force to identify replacement needs for analog equipment between now and FY 2006. These replacements also assist the digital transition because much of the replaced equipment is digital compatible. In this regard, there is not a clear split between PTFP's "traditional" funding program and the digital transition funding.

PTFP has made it clear in its Notice of Availability of Funds in prior years that it is critical that all public television applicants fully consider digital technology in any request for equipment replacement submitted to the program. PTFP has worked with public television stations to ensure that the applicant is developing a plan for digital conversion and that the applicant addresses how the requested equipment will be consistent with the overall objective of converting the facility for digital broadcasting.

The Administration's proposal is sufficient to maintain existing public radio and television coverage as well as to extend coverage for meritorious projects. As such, funding tradeoffs between digital conversion projects and analog equipment requests will not be necessary.

QUESTION: As far as digital policy goes, I suppose we are to assume that NTIA will now take an exclusive leadership role in digital policy within the Administration. Is that the case, or is NTIA working in partnership with other agencies or will the policy be set by somewhere else in the administration?

ANSWER: The Department will continue to work in cooperation with other agencies in developing public policy. With respect the President's Initiative for public broadcasting's digital conversion, NTIA has been working with the Corporation for Public Broadcasting (CPB) and industry groups to establish digital conversion policies, receive input on equipment needs, and develop grant criteria.

QUESTION: Regarding the digital broadcasting timeline, is the industry on schedule to providing simultaneous analog and digital broadcasting by the time prescribed by Congress?

ANSWER: The Administration's goal and the industry's goals are the same; we want to ensure that all public television transmitters are converted to digital by FY 2003. To date seven public television stations are broadcasting in digital. Thirty-one stations submitted applications for digital conversion in the FY 1999 grant round. The PTFP program intends to take a very proactive approach, especially with smaller stations, to assist with conversion efforts. We believe that the industry will be able to meet the FCC's schedule if Congress approves the Administration's request for this initiative.

QUESTION: The Administration's budget request proposes that NTIA's PTFP administer the majority of Federal funds made available for public broadcasting stations' digital conversion. Would the Department make sure every public television station receives some equitable portion of Federal funds?

ANSWER: The Department's goal is to ensure that all public television transmitters are converted to digital by FY 2003. PTFP operates a competitive grant program. That means PTFP does not give out money on a formulaic basis--i.e., giving the same amount to every applicant. Based on our own engineering estimates and the 31 conversion-related applications received for FY 1999 funding, the conversion costs will vary widely from station to station. Under PTFP's plan, every station is eligible to apply for a grant based on its needs.

QUESTION: Existing PTFP grant criteria require that applicants have matching funds when applying for grants. How could PTFP ensure that stations that have already commenced their digital conversion not be penalized for their early efforts, i.e., to be treated in the same way as stations who might apply at a later point in time, once greater amounts of Federal funds were secured? Would PTFP modify their matching requirements as they pertain to digital equipment?

ANSWER: Existing criteria do not penalize any station for previously purchasing equipment. In fact, the President's proposal allows "early adopters" to continue their transition. Applicants do not have to have their local match-in-hand when applying for a grant. Applicants, however, must certify that they will have the matching funds when required to purchase the equipment. If they can demonstrate in an application that they will be able to raise the local funds, PTFP routinely permits applicants to raise their local match after an award is issued. It is not unusual for an applicant to complete raising its local funds six months after an award is made, or approximately one year after the application is submitted to PTFP.

The money the Administration has proposed is for the purchase of equipment for stations to "pass-through" a digital signal. We are aware that some stations are already broadcasting in digital or will soon be broadcasting in digital through PTFP assistance in recent grant rounds. Those stations that are already broadcasting in digital are not automatically disqualified from participating in future digital conversion projects. They may qualify for additional PTFP assistance for the purchase of

equipment on the core-digital transmission and base equipment list if they do not already own such equipment. These stations as well as others may also qualify for the CPB portion of the Administration's proposal which supports production equipment, programming, and distribution costs.

Given the size of the project and the limited funding available, those stations which have made their own investment in digital equipment cannot automatically be reimbursed for past expenditures. Stations which have purchased equipment on the list prior to submitting an application for PTFP funds are permitted under the current PTFP rules to use that equipment as part of their local match on a case-by-case basis upon presentation of clear and compelling justification. NTIA intends to work with the Corporation for Public Broadcasting's Digital Task Force to develop criteria; whereby, equipment currently owned by a station would be acceptable for inclusion under a future PTFP grant.

The funding proposed by the Administration is intended to assist in the conversion of all public television stations to digital broadcasting. The public broadcasting community recognizes that many stations especially in lower income and rural areas are going to require special assistance to meet the digital conversion timetable. This will not require a modification to the PTFP program's matching requirements. We propose that some stations will be funded at up to 75 percent of project costs, which is the maximum authorized under law. Inevitably, however, this also means that other stations will be funded at lower than the average award. PTFP will determine the appropriate level of Federal support as part of its needs-based assessment of an application.

QUESTION: What would be PTFP's definition of a merit-based grant, and likewise, what would be the definition of a needs-based grant? How, if at all, would these be different from existing PTFP grant criteria?

ANSWER: The definitions for these terms in the digital conversion program are the same as those currently used by PTFP. For 35 years, the PTFP has operated a merit-based and need-based grant program to distribute funds for equipment purchases at public broadcasting stations. That is, merit-based grants consider the merits of a proposed project when evaluated against a set of established criteria. These criteria have been published in the PTFP rules and include such factors as project objectives, implementation plans, urgency, technical considerations and whether the applicant has the necessary financial resources to meet the project requirements.

Since the FCC has mandated that public television stations must convert to digital broadcasting, any public television applicant applying for that purpose would qualify in meeting the basic project objectives.

Needs-based grants are intended to address the level of Federal assistance offered to projects which merit funding. PTFP will award funds to meritorious projects based on the needs of the recipients. As a needs-based grant program, PTFP will be able to

award public television stations up to 75% of eligible project costs for their digital conversion projects. PTFP also will provide stations with the opportunity of using funds from the CPB as all or part of their local matching funds upon a showing of "clear and compelling" need. PTFP intends to work with the CPB Digital Task Force to determine what criteria would establish "clear and compelling" needs.

QUESTION: What equipment would be included in PTFP's definition of "core digital transmission and base equipment"?

ANSWER: The Administration's plan for core-digital transmission and base equipment is sometimes referred to as "pass-through," though the Administration plan encompasses more than just passing-through a network signal from the Public Broadcasting System (PBS) satellite. The equipment included in the PTFP plan also provides stations with the capability to insert local programming using encoders and aspect ratio converters. This equipment will permit stations to use existing analog production equipment to broadcast local programs on the digital channel.

Under the Administration plan, stations will be able to obtain PTFP funding for the following categories of equipment: studio-to-transmitter links; base equipment packages; transmission lines; antennas; transmitters; towers; and master control facilities.

Funds for production equipment are included in the $95 million the Administration proposes be appropriated to CPB for digital program production, development and distribution. The Administration has also proposed an additional $10 million in the regular CPB appropriation to cover programming costs.

Funding for out-of-core antennas is not included at this time. One antenna is included for each transmission facility. The requirement for a second antenna will be reconsidered closer to the congressionally-mandated deadline for termination of analog broadcasts, which is 2006.

Also not included in the current proposal are funds for buildings, transmitter insertion packages, translators and items such as tube, power and staff costs.

QUESTION: Would non-public broadcast entities also have access to digital conversion funds through PTFP?

ANSWER: Non-public broadcasting entities, such as various distance learning projects that PTFP has supported, have no requirement to convert to digital broadcasting technology. Although the funds the Administration has proposed are principally for public television's digital conversion, PTFP funds will remain available for all other authorized purposes of the program, including distance learning, public radio and analog television service.

QUESTION: The current program exhausts its available funds each year based on the applications made in that year. How would PTFP's program assure a coordinated national rollout, and how could it assure the optimization of available funds for applicants who may have very different time frames over which they will be able to raise local matching funds?

ANSWER: Conversion will be dependent on local circumstances such as a tower requirement or the ability to work with local commercial broadcasters, as well as the availability of local and state matching funds. Each station and each state will present a unique challenge and each will arrive at its own solution to digital conversion. Our experience in funding hundreds of public broadcasting projects is that there will be many revisions, starts and stops along the way.

The Administration is seeking advance appropriations for a multi-year program to advance planning and certainty in the public broadcasting system's transition to digital broadcasting. Advance appropriations will provide assurances to the public television stations that there will be Federal assistance available to make the conversion to digital, especially since each applicant may have different time frames to meet the May 1, 2003 deadline. If the amount of digital transition funding is set now for 2001, 2002, and 2003 both PTFP and the public television stations will be able to plan for the future with some certainty and provide grants on a rolling basis. Stations that will not need to convert and also cannot afford to convert until 2002 will be assured of available funding at that time, if Congress makes the commitment to advance appropriations now.

The Department plans to be proactive in working with stations to assist them in completing their conversion plans as soon as possible. PTFP staff, who are knowledgeable of each state's public television facilities, would work with the public television stations by providing technical assistance in developing their plans. Once a plan is completed and accepted by PTFP, the station would submit an application for funding. The application would include a timetable when the funding is required, based on the availability of local funds, completion of preliminary steps, cooperation with other noncommercial or commercial partners, or other factors. The project would be updated by the applicant as events warrant.

PTFP would then review the individual plans to develop a plan from a nationwide perspective. Applications would be accepted on a rolling basis instead of once a year, and we will disperse funds quarterly. Getting up-front approval on multi-stage or multi-year plans will expedite decision-making. Working actively with the public television stations -- through technical and planning assistance -- will achieve a more complete picture of the overall needs early in the funding cycle. We also will monitor events in local markets, especially those with commercial operators already on the air broadcasting in digital. It may be desirable that PTFP establish a goal that public broadcasters convert at the same time or within at least six months of the commercial operators in their market.

QUESTION: Will the Administration be requesting any authorizing language to require or permit each public station receive a digital conversion grant?

ANSWER: PTFP doesn't need further authorizing legislation. PTFP's current statutory language and rules allow NTIA to competitively award digital conversion grants. The program, if adequately appropriated, will help ensure that every station completes the transition according to the Federal mandate. Per Section 390 of the Communications Act, the purpose of the PTFP is to assist, through matching grants, in the planning and construction of public telecommunications facilities in order to extend the delivery of public telecommunications services to as many citizens of the United States as possible by the most efficient and economical means and to strengthen the capabilities of existing public television and radio stations. In accordance with these objectives, NTIA has recognized technology advances in the industry and these benefits on station operations. Over the past five years, the PTFP program has been funding digital equipment as part of public television and radio's funding requests.

QUESTION: How would PTFP handle applications from overlap markets?

ANSWER: The fact that a station is overlapped is only one factor in determining an award, and PTFP regularly funds stations in overlap markets. While PTFP does provide a priority for sole-service stations over those in multi-station markets, PTFP's objective for the digital conversion is to convert all existing public television transmitters. As such, all stations would be eligible for funding for pass-through and this includes overlaps as well. The same applies to special assistance. We will look at which stations have a need for up to 75 percent Federal funding or present a clear and compelling case to use CPB funds as match, not whether the station is in an overlap area.

Y2K Compliance

QUESTION: As you know, the Subcommittee included language in last year's report regarding the certification of the Department's Y2K compliance. I thank you for providing the Subcommittee the report in advance of the April 1st date and would note that the Department has been one of the few bright spots in the Administration in this area. I did notice that in the report, the Department notes that all of its systems will not be compliant while others are not yet certified but are in the process of such.

I would appreciate knowing in particular whether any of NOAA's mission critical systems will not be compliant, and which have yet to be certified. Would you be able to supply me with that information, if not today, perhaps by the time NOAA comes before the Subcommittee later this month?

ANSWER: NOAA continues to make good progress in its Y2K efforts and expects to have all mission-critical systems Y2K compliant prior to 2000. There are currently

119 mission-critical systems. Of these, 96 are currently compliant, 10 are scheduled to be replaced, and 13 are being repaired. The replacement and repair systems and all non mission-critical systems will be Y2K compliant. NOAA does not anticipate any problems. Nonetheless, NOAA has active outreach programs through the American Meteorological Society, World Meteorological Organization, and web sites to advertise its progress and to make its customers and constituents aware of Y2K issues. NOAA also has finalized its Business Continuity and Contingency Plan for the Year 2000.

QUESTION: Seeing as the U.S. and Foreign Commercial Service is located in many developing nations, has the Department considered how the lack of preparation for the Y2K computer glitch in these nation's will impact the Foreign and Commercial Service's ability to carry out its mission abroad?

ANSWER: There are two ways that Y2K computer glitches could affect our programs and operations overseas: by distorting the commercial conditions in which U.S. companies do business locally, or by upsetting our internal communications or working conditions. We are doing what we can to minimize any potential problems in both cases.

In the first case, plans are already underway to hold Y2K training sessions with the local government and business in a number of countries in Africa, Asia, and South America. Knowledge and understanding of the Y2K problem in many countries are limited. In the absence of awareness and political will to face the problem, our posts are forecasting effects of potential Y2K problems that may include the following:

1. Anticipating possible bank computer failures, U.S. companies may adopt the strategy of minimizing business activity in the region to control financial exposure. Our initiatives may have to move away from trade promotion mode and focus temporarily on damage control.

2. Problems in the national financial infrastructures will affect the welfare and productivity of the local overseas staff, may limit the capabilities of suppliers of goods and services to the post, and may restrict client access to the post.

3. Telecommunications infrastructures have the most advanced technologies in those economies and may be hardest hit by Y2K unpreparedness.

4. Energy infrastructures may also be hard hit by the Y2K phenomenon. Extended power failures would force many offices to close down.

5. Serious problems in the above mentioned infrastructure would compromise the free flow of information resulting in decreased market activity and transparency.

6. Essential government services are likely to be suspended if telecommunications and energy fail. Airport and port operations, customs services and other regulatory functions of official entities may be interrupted for significant periods.

In most of the above instances, US&FCS would work closely with the Embassy Country Team, benefit from mission-wide preparedness, and remain effective to support the needs of U.S. business in the host market.

In the case of Y2K upsetting our internal communications, it is possible that US&FCS operations overseas may be temporarily disrupted by problems caused by local countries' lack of preparation for Y2K (e.g. disruption of power, water, and other supplies). We are working closely with the State Department to ensure that our facilities are in compliance and have contingency plans in place. Our offices throughout the world are working with the information officer at their respective embassies to ensure that our operations are Y2K compliant. However, it is possible that we will be able to turn these problems into opportunities for U.S. companies to provide products and services to local firms and organizations to fix their Y2K bugs.

QUESTION: As you know, the State Department is woefully behind most, if not all, other federal agencies in addressing the Y2K issue. In how many locations is the Foreign and Commercial Service collocated with State Department facilities? Will this pose any problems with their (US&FCS) systems?

Of 160 offices located outside the United States, we are collocated with the State Department in 106 offices (66%). In situations where US&FCS is located in Department of State facilities major disruptions to State operations would necessarily pose problems for US&FCS operations. If, for example, the telecommunications systems (phone or cables) are inoperative US&FCS would be effectively unable to operate. If, on the other hand, State only experiences minor problems, unrelated to US&FCS core operations, there would be no major problems for continued US&FCS activities.

Globe

QUESTION: What benchmarks does NOAA use to determine the effectiveness of the GLOBE Program?

ANSWER: GLOBE Program effectiveness is measured by key program performance measures -- the number of teachers who have been trained to guide GLOBE at their schools, the number of schools participating in the program, and the amount of scientific measurement data -- combined with the results of formal evaluation of the GLOBE Program performed by SRI International each year.

Over 9,300 teachers have now been trained in the GLOBE scientific measurement protocols and over 6,600 schools are now participating in the program. There are

currently active GLOBE schools in all 50 states. GLOBE students have already submitted data reports to the GLOBE data archive from over 3.2 million measurements they have made. These data are being used by scientists in their research and by GLOBE students in their research and education projects.

Among the results of the formal evaluation of GLOBE are: GLOBE students outperformed non-GLOBE students in knowledge of measurement and of sampling and measurement principles, as well as in interpreting data and applying concepts. GLOBE students also have a fuller appreciation of what it means to be a scientist and are more interested in pursuing a career in science. Teachers have reported that GLOBE students have very much improved observational skills, measurement skills, and technology skills. Overall, the evaluation concludes that "GLOBE" is giving students a new perspective on what it means to do science and to be part of a scientific investigation. GLOBE's combination of hands-on activity, technology use, and involvement in real research projects proivides students with a deep sense of the value of the activities.

Authorized Positions in Market Access and Compliance

QUESTION: In the ITA budget, a $4.4 million increase is requested for 27 new positions for the Market Access and Compliance (MAC). That would increase the total positions at MAC to 224, correct? How many additional positions is MAC authorized to fill beyond the 224?

ANSWER: If the requested increase of 27 new positions is approved, the total authorized positions available to our Market Access and Compliance unit will be 224. There will be no additional positions available.

MAC Resources

QUESTION: Given the increased importance of new trade treaties and regional trading blocs, don't you think more resources should be devoted to MAC?

ANSWER: Yes, MAC definitely needs more resources, and it is urgent that the President's request for $22.5 million for Market Access and Compliance, an increase of $4.4 million and 27 positions, be fully-funded. Funding constraints since FY 1996 have limited MAC's ability to fully staff the critical mission of ensuring that future agreements address the barriers holding back our export growth and ensuring compliance with our rights under these agreements and regional trading blocs.

Despite the need to ensure compliance with a large number of Japanese trade agreements and seek new and better ones, our Japan staff has fallen from 18 to 8 in recent years. Our China staff declined from 8 to 4. Moreover, we are facing new trade negotiations and are inadequately staffed for them. For example in 1993, our Western Hemisphere staff was able to deploy 9 people to work on NAFTA, which covered two countries.

We are also facing a new global WTO round. MAC's Office of Multilateral Affairs was staffed at 30 for the Uruguay Round, but now has a staff of only six. This small staff will not be able to provide the breadth and depth of analysis and negotiating support for the whole range of issues of vital importance to industry -- market access, standards, technical barriers, customs barriers government procurement, improved intellectual property rights, access, etc.

Some of the funds requested by the President would restore ability to monitor critical bilateral agreements such as those with Japan and China and some of them will allow us to see that the new WTO round will provide U.S. firms and workers with expanded export market access. Included within the request is the creation of a "strike force" or highly skilled and trained teams deployed to countries with burgeoning trade surpluses with the U.S. These teams would shorten the amount of time now needed to solve trade compliance problems and be oriented towards the needs of small and medium-sized enterprises.

ITA Expansion in Africa

QUESTION: ITA is requesting $10.8 million for 40 new positions to expand the Foreign and Commercial Service into "under-served markets," including Latin America, Asia and Africa, as opposed to just concentrating on the top-ten emerging markets. I am aware of current offices the Service has in Nigeria, South Africa, Ghana, Ivory Coast and Kenya. Would you inform me of what other countries in Africa the Administration is planning to open new offices?

ANSWER: The Administration has requested an additional $4.2 million in FY 2000 for the Department of Commerce to place new officers and staff in 6 countries in Sub-Saharan Africa where we currently have no presence. Our proposal focused on staffing in Mozambique, Namibia, Senegal, Ethiopia, Eritrea, and Uganda, but we have also considered other countries. However, our final decision on where to place additional staff in Africa will depend upon the political and economic situation which prevails in those countries when the funding becomes available to us.

QUESTION: How would the Administration respond to political disruption in the nation of one of the newly planned offices?

ANSWER: The Administration will protect the welfare and safety of overseas employees and local-hire staff as an overall priority in the event of any political disruption. Working closely with the Department's Office of Security and the State Department's Bureau of Diplomatic Security, US&FCS undertakes a full and thorough security review prior to the establishment of new offices overseas. Additionally, the Department periodically reviews facilities and cooperates closely with the Embassy's regional security officer to assess on-the-ground conditions.

All of our facilities, whether collocated with embassies or situated in commercial space, are required to meet Department of State security guidelines.

US&FCS Services to American Businesses Compared to Department of State Services

QUESTION: Would you be able to review for me what benefits the U.S. and Foreign Commercial Service offices would be able to offer American businesses that State Department embassy or consular posts in these "under-served" nations cannot?

ANSWER: The U. S. and Foreign Commercial Service has a series of well-established programs uniquely tailored to the needs of U.S. companies exploring new markets, providing market research, trade leads, and business facilitation services through various programs. The mission of the U.S. and Foreign Commercial Service is to support U.S. firms – especially small and medium-sized companies – in their efforts to increase exports. US&FCS maintains a worldwide service delivery network with offices throughout the United States that work directly with our overseas commercial officers. This global capability provides seamless service to U.S. firms that is unique among United States Government entities that promote U.S. exports. The US&FCS is also uniquely informed about the needs of the business community through the work of the District Export Councils in all 50 states, composed of leaders from local business communities whose knowledge of international agreements compliance activities of ITA's Market Access and Compliance unit, specialized trade statistics/data, the heavily used Trade Information Center and its well known business provides a strong partnership between government and the private sector.

Additionally, the US&FCS, as part of the International Trade Administration and the Department of Commerce seamlessly links up with many other exporter services. These services include advocacy efforts of the Advocacy Center, sector specific trade events, market access and trade agreements compliance activities of ITA's Market Access and Compliance unit, specialized trade statistics/data, the heavily used Trade Information Center and its well know 1-800-USA-TRADE phone line, and many others.

QUESTIONS SUBMITTED BY
CONGRESSWOMAN LUCILLE ROYBAL-ALLARD

Procurement Diversity

QUESTION: What percentage of the Department's prime and subcontracting dollars go to Small Disadvantaged Businesses (SDB's)? Please provide figures for the past five years if available. In addition, please provide a regional and ethnic breakdown if available.

ANSWER: Commerce leads the government in awards to minority contractors in FY 1997 according to the Federal Procurement Database System Report by the General Services Administration. The final government-wide data for FY 1998 has not been released. The following percentages are the Department's prime and subcontracting dollars awarded to SDB's:

FY 1998	17.5 %
FY 1997	22.1 %
FY 1996	23.9 %
FY 1995	24.7 %
FY 1994	16.2 %

The Department of Commerce does not track this data regionally and it does not collect the ethnic data for the contract awards.

QUESTION: Describe the Department's outreach efforts to SDB's to increase their participation in procurement opportunities.

ANSWER: The Department's outreach efforts to increase SDB participation in procurement opportunities include:

a. Participating in trade missions and conferences hosted by organizations like the National Black Business Council, Inc., Los Angeles, California; the National Minority Supplier Development Council; U.S. Hispanic Chamber of Commerce; Latin American Management Association; National Association of Women Business Owners; and the National Association of Minority Contractors.

b. Streamlining acquisitions under $100,000 pilot program that identifies and includes at least one minority business in bidders mailing list, and monitoring top 20 upcoming procurements in the Department to identify opportunities for small-and minority businesses early in the acquisition cycle.

c. Awarding Government-wide Agency contracts under Commerce's Information Technology Solutions (COMMITS) program for high tech information technology (IT) services with small, minority (including 8(a) firms) and women-owned businesses. This is the first IT indefinite delivery indefinite quantity multiple award contract set-aside exclusively for small businesses. The first contract award is anticipated in late April 1999. For more information on this program visit Commerce's web site at www.commits.doc.gov.

d. Establishing aggressive bureau specific small and minority business goals negotiated between the Commerce Chief Financial Officer/Assistant Secretary for Administration and Bureau Chief Financial Officers.

e. Providing tools to assist bureaus in achieving their small, minority and women-owned business goals, e.g., Quick Reaction Task Order Contracts with minority businesses that provide high-level management consulting services, use of evaluation factors in solicitations that give extra weight for subcontracting with small, minority and women-owned businesses, and host vendor outreach sessions to bring program managers together with business representatives to discuss procurement opportunities.

QUESTION: What kind of guidance, if any, is given to prime contractors to increase their use of SDB's? Describe how the Department monitors prime contractors with regard to SDB's.

ANSWER: Quarterly meetings are proposed to be held with prime contractors and high-level Commerce executives to communicate the importance of subcontracting with small, minority and women-owned businesses. Meetings have been held with Lockheed Martin, SAIC and Booz-Allen. Major contracts include Award Fee Schedules that provide incentives for prime contractors to subcontract with small, minority and women-owned businesses. In procurement, Commerce uses performance measures to gain insight into, and make judgements about its buying organizations and the effectiveness and efficiency of their programs. The "balanced scorecard" methodology has been adopted for deploying strategic direction, communicating expectations and measuring progress toward agreed-to objectives.

The FY 1999 socioeconomic goals are in the process of being negotiated. Once the goals are negotiated, they will be included as a core measure. In FY 1998, the goals were 44 percent for small business, 18 percent for small disadvantaged business, and 8 percent for women-owned business. The Department anticipates more aggressive goals for FY 1999.

Employment Diversity

QUESTION: What kind of recruitment strategies is the Department implementing in order to diversify the Department's workforce?

ANSWER: Individual operating units administer diversity recruitment efforts under their Federal Equal Opportunity Recruitment Programs. On an outreach basis, they

participate in career fairs sponsored by minority organizations, advertise in publications directed toward minority audiences, notify minority organizations of employment opportunities, and recruit at colleges and universities with high representations of minority students.

As a major diversity outreach effort, the Department sponsors a Postsecondary Internship Program for students from two- and four-year institutions. The Program offers both summer and academic-year sessions. Funding is provided through cooperative agreements awarded competitively. The current partnership is with five non-profit organizations: the American Indian Science and Engineering Society; Minority Access, Inc.; the Hispanic Association of Colleges and Universities; Oak Ridge Associated Universities; and The Washington Center for Internships and Academic Seminars. These organizations perform a wide range of outreach recruitment efforts to help ensure a diverse group of participants. The Department established the Program to promote experiential training activities that foster interest in future career employment.

QUESTION: Describe the Department's efforts in complying with the Office of Personnel Management's (OPM) recommendation to open up vacancies to individuals outside your Department and the federal workforce. For example, has the Department allocated funds for recruitment literature, travel to conferences or other recruitment strategies to diversify your workforce?

ANSWER: Vacancies in the Department are announced through a variety of electronic systems accessible by telephone or computer. Under current regulations governing the Career Transition Assistance and Interagency Career Transition Assistance Plans, employees of the Department or other Federal agencies whose positions will be or have been abolished must receive priority consideration for vacancies for which they apply and are well-qualified.

The Department has ten Delegated Examining Units, which are the primary vehicles through which operating units determine the eligibility for appointment of candidates from outside the current Federal workforce. While it is not always possible to identify applicants by minority designation, having a diverse workforce is a high priority matter in the Department, and outreach efforts are being strengthened on a continuing basis.

Bureaus develop literature tailored to their specific staffing needs and used in college recruiting and other outreach efforts. We are also updating a general recruitment brochure describing the Department's component organizations and the principal kinds of positions they offer.

To help ensure a diverse applicant pool, funds for travel to conferences, job fairs, or other activities sponsored by minority organizations are available. Department representatives participate in a wide range of such activities to help "sell" the Department as a prospective employer. For example, in the past four months, we have participated in four conferences and job fairs sponsored by the Society of Hispanic Professional Engineers, the National Association of Hispanic Federal Executives, and the National Hispanic Reporter (two job fairs). Upcoming events we plan to attend include conferences and job fairs of the American Indian Higher Education Consortium, the National Association of Black Engineers, the National Council of La Raza, and the National Urban League.

QUESTION: Describe the Department's efforts to comply with OPM's recommendation that agencies sponsor federal employment information "touch screens" at university campuses. Provide a list of the sites that have been selected and note those that are located in colleges and universities with high minority populations. How does the Department select sites for touch screens?

ANSWER: Although the Department of Commerce has not sponsored "touch screens" at any university, we are committed to the use of technology for outreach recruitment. We have enhanced our web site to make it easier for applicants to learn about vacancies throughout the Department. In addition, our operating units announce vacancies through various electronic systems administered by OPM. The systems include USAJOBS, a World-Wide Web site; USAJOBS by Phone, an automated telephone system accessible through local OPM Service Centers or by long distance; and the Federal Job Opportunities Board, a system accessed with a personal computer and modem. Students may use any of the systems to obtain immediate, complete information on job opportunities.

WEDNESDAY, MARCH 17, 1999.

UNITED STATES TRADE REPRESENTATIVE

WITNESS

CHARLENE BARSHEFSKY, UNITED STATES TRADE REPRESENTATIVE

OPENING STATEMENT CHAIRMAN ROGERS

Mr. ROGERS. The committee will come to order.

This afternoon we are pleased to welcome the United States Trade Representative, Ambassador Charlene Barshefsky. You are here on an interesting day in the House. We are debating, on the House floor legislation to respond to the surge in steel imports. You are also here at an interesting time as the President prepares to host the Chinese premier and as the U.S. prepares to host the World Trade Organization ministerial conference later in the year.

A lot of these issues are much weightier than your budget, which, in comparison with many of the other agencies that we deal with, is relatively modest.

So welcome.

Ms. BARSHEFSKY. Thank you, Mr. Chairman.

Mr. ROGERS. Mr. Serrano.

Mr. SERRANO. Thank you, Mr. Chairman.

I want to join you in welcoming the Ambassador, and to remind ourselves that our Nation should participate in all trade activities, and, at the same time, demand the price, if you will, for some of that participation. We should make sure that we demand from our partners respect for the people who work and for environmental laws and beliefs throughout the world. I am looking forward to Ambassador Barshefsky's testimony and looking forward to joining you, Mr. Chairman in doing what we have to do to make her job easier and make our efforts much easier.

Mr. ROGERS. Madam Ambassador, your statement will be made a part of the record. If you would like to summarize it for us, we would be happy to hear from you.

OPENING STATEMENT OF AMBASSADOR BARSHEFSKY

Ms. BARSHEFSKY. Thank you very much, Mr. Chairman, and Members of the committee.

I welcome this opportunity to appear before you. Let me just begin by thanking the subcommittee for your support over these many years, as well as in terms of market opening as well as our budget.

Let me just say that it is a great privilege to work with career employees of the Office of the U.S. Trade Representative. We are among the smallest agencies in Government.

Our budget request is $26.5 million to support 185 full-time employees. With this staff we address over $2 trillion in trade volume,

an increase of nearly three-quarters of a trillion dollars since 1992. We monitor and enforce a network of over 270 trade agreements negotiated since 1992, and we develop and execute our agenda for the future.

The budget request we have made reflects our need to upgrade security in Washington and Geneva, to add seven additional full-time career employees in the agriculture, China, Japan, Western Hemisphere and Africa shops to help us address a much greater volume of trade, and a growing network of agreements, to fund legislated employee pay raises, to offset increased travel expenses to several key regions of the world and to improve our translation capabilities.

The request also protects USTR's tradition as a lean agency in which each full-time employee has great responsibility and which can act quickly to deliver tangible results for Americans through new job opportunities, better jobs, higher farm incomes, and a rising standard of living, and these capabilities are evident, we believe, in the results we have achieved.

Since 1992, U.S. exports have expanded by 51 percent. This is despite the Asian crisis and the fact that 40 percent of the global economy is in deep recession.

We have had, as you know, uninterrupted economic growth, the longest peace-time expansion in our history, with 18 million new jobs, and an employment rate the lowest since 1970. Wages, home ownership and family living standards fall off significantly.

Our goal is to build upon this record into the next century based upon the long tradition of bipartisan commitment to fair and open markets and close cooperation between us and the Congress, which has characterized American trade policy since the Second World War.

Let me, if I could, turn to our agenda for the year ahead, beginning with enforcement.

First of all, the crisis that the American steel industry suffered when imports rose sharply, and suddenly, well above historic levels.

The President's January 7th steel report laid out a comprehensive action plan to address this import surge. This provides for a rollback of imports from Japan, the key source of the import surge, to pre-crisis levels, by stating that the Administration is prepared, if necessary, to self-initiate trade actions against Japan.

The plan also outlines actions by the Commerce Department to expedite ongoing antidumping cases, and apply dumping duties retroactively.

In addition, the Administration expresses strong support for an effective safeguard mechanism and commits us to continue to assess the effectiveness of steps taken.

Since this report, the Commerce Department has announced large preliminary dumping margins with respect to Japan, Russia, and Brazil.

We've initialed two agreements with Russia, including a suspension agreement on the carbon flat roll dumping case, and a broader agreement under the market disruption article of our bilateral agreement with Russia.

These agreements would roll back and cap steel imports from Russia, the second largest source of our 1998 import surge.

In Korea, we have expanded expedited discussions on steel with the objective of permanently getting the Korean government out of the steel business. This encompasses the closure and sale of Hanbo steel and our attempts to ensure the expeditious market-based privatization of Korea's largest steel producer, Posco.

Import statistics over the past two months show that this policy is working. Import volume of steel overall has fallen by 34 percent in the last two months.

Japanese, Russian, and Brazilian flat roll steel products are now virtually nil. At the same time, we have remained faithful to our own international commitments, thus doing our share to forestall a protectionist response to the global crisis by our trading partners, and retaliation, particularly against American agriculture, and steel-intensive manufacturing exports.

Second, our efforts to open markets through trade negotiations are based upon a commitment to enforce the agreements we reach. We have initiated over 80 separate enforcement actions since 1993, including 44 at the WTO.

As our action in the recent bananas case demonstrates, we expect our trade partners to meet their commitments, and we will use our rights to make sure that they do so.

At the same time our own trade laws, special 301, regular 301, section 1377 for telecom, are vital tools, but to ensure that we have maximum advantage of these laws, the Administration recently decided to reauthorize by executive order the substance of two laws for which authority had lapsed. Super 301 and Title VII on Government procurement.

Let me now turn to our negotiating agenda for the years ahead and our legislative priorities.

In his State of the Union Address last January, the President set out a bold call for the launch of a new round of multilateral trade negotiations. This will be launched when we chair and host the WTO's Third Ministerial Conference in Seattle this December, itself a monumental undertaking as the largest trade event ever held in the U.S.

We envision a new type of global round of talks with three separate dimensions. First, expedited negotiations in a wide range of areas which would include, at a minimum, sharp reduction or elimination of industrial tariffs and nontariff barriers, market access and liberalization for services industries, including audiovisual, financial services, the professions, telecom, distribution, and others. Agriculture, including addressing the distortive practices of State trading enterprises, high tariffs, export subsidies, and addressing Europe's common agricultural policy as well as biotechnology, intellectual property, Government procurement, and the exploration of how the WTO can help create an international pro competitive regulatory climate, particularly in services as well as to advance our efforts against bribery and corruption.

These negotiations would have clearly defined timetables and expectations, so we are no longer waiting six or eight years for countries to further open their markets.

The second dimension of a global round would be institution-building, including, for example, capacity building amongst the least developed countries, so they can implement the obligations they undertake.

Trade facilitation, particularly in the customs area, to ease the burden on our businesses, and more effective coordination between the WTO, on the one hand, and other large institutions like the IMF and The World Bank, the ILO, and others, as well as a commitment to greater transparency in the WTO itself.

The third dimension of a new round should accommodate ongoing results. For example, we would like to see the completion of ITA II, that is, the extension of our information technology agreement. Transparency in Government procurement worldwide, a consensus on the APEC sectoral agreements, improvements in dispute settlement, and in electronic commerce, extension of the moratorium on tariffs applied to electronic transmissions.

Our trade agenda beyond this new round is equally ambitious. I go through this in detail in my written statement but let me cite just a few examples.

In China, we will continue to monitor and strictly enforce our trade agreements. At the same time, we will continue to seek broad market opening through our negotiations toward China's accession to the WTO.

Premier Zhu's visit next month is a chance for China to advance this goal. We certainly hope that they take it, but delay in trade reform is not an option for China. We must be treated fairly in that market.

In the Western Hemisphere, we are continuing talks toward the free trade area of the Americas with the aim of concrete market opening progress this year.

In Europe, we are working to remove barriers and strengthen trade ties through our transatlantic economic partnership covering such areas as technical barriers to trade, biotechnology, intellectual property rights, Government procurement and electronic commerce.

In Africa, we're implementing the President's initiative to improve trade relations and ensure Africa's better integration into the global trading system.

This, coupled with our desire to see the Africa Growth and Opportunity Act pass, should make a very substantial difference in our trade relations with that continent.

In Japan, we are, we believe, effectively addressing last year's rapid surge in steel imports. At the same time, we are continuing to work on opening and deregulating Japan's market. The visit of Prime Minister Obuchi here, in May, I think will help those efforts along quite substantially.

Apart from Japan and China, in Asia, we continue building consensus for further market opening in APEC, and in the Middle East, we are promoting regional integration based upon the foundation of our free trade agreement with Israel and the creation of new Israeli-Jordanian industrial zones whose products will receive preferential access to the U.S.

We are working on similar projects with Egypt and the Palestinian Authority.

We are also working to ensure that as trade expands environmental standards rise, and respect for internationally recognized labor standards grow, and we have a variety of programs with respect to international environmental disciplines and international disciplines on worker rights, that we are pursing at the present time.

And last, our legislative agenda. Of course the Administration urges the renewal of trade negotiating authority for certain agreements. In addition, we strongly support legislation to continue the GSP program, to pass the OECD shipbuilding agreement, to renew trade adjustment assistance, to pass CBI parity legislation as well as, as I have already mentioned, the Africa Growth and Opportunity Act.

In summary, the U.S. economy and the living standards of our citizens have benefited immensely from the work that the Administration and the Congress have done together.

As we address a growing trade volume and enforce a larger network of agreements, our budget request will enable us to continue working with you and with the Congress as a whole as we carry this work forward into the new century and shape the trading world of the next generation.

Thank you very much, Mr. Chairman.

[The information follows:]

USTR AGENDA AND BUDGET REQUEST

Testimony of Ambassador Charlene Barshefsky
United States Trade Representative

Before the House Appropriations Committee
Subcommittee on Commerce, Justice, State
The Judiciary and Related Agencies

March 17, 1999

Mr. Chairman:

I welcome this opportunity to appear before the Subcommittee to present the Fiscal Year 2000 budget request for the Office of the United States Trade Representative. This afternoon, I will present USTR's program priorities, describe our budget request for FY 2000 and respond to questions the Subcommittee may have.

Let me begin by offering my thanks to the Subcommittee for your consistent support of our mission to open markets, expand trade, and enforce trade laws and trade agreements. We appreciate our close working relationship, and hope to continue it into the future.

INTRODUCTION

Mr. Chairman, I regard it as a great privilege to work with the career employees of the U.S. Trade Representative. We are among the smallest agencies in government: our budget request is $26.5 million, and our staff request for next year is just 185 full-time employees.

With this staff we address $2 trillion in trade volume (an increase of over $700 billion since 1992); monitor and enforce our agreements, including over 270 trade agreements negotiated since 1992; and develop and execute our trade agenda for the future. The budget request reflects our need to upgrade security and add seven additional career full-time employees to help us address this much larger volume of trade and network of agreements and the level of work required in agriculture and several regional offices. At the same time, the request protects USTR's tradition as a lean agency in which each full-time employee has great responsibility, and which can act quickly to deliver tangible results for Americans through new job opportunities, higher farm incomes and rising standards of living.

These capabilities are evident in the results we have achieved. Together with the continuous reduction of the federal budget deficit beginning in 1993, and the Administration's increased support for education, the expansion of trade in the past six years has helped create the best economic environment our country has ever enjoyed. Since 1992:

- Our economy has prospered. Our economy has expanded from $7.1 trillion to $8.5 trillion in real terms (1998 dollars), and we have the benefit of the longest peacetime expansion in America's history.

- Our country has created jobs. Employment in America has risen from 109.5 to 127.2 million jobs, a net gain of nearly 18 million, as unemployment rates fell from 7.4% to 4.3%.

- And our families have enjoyed higher living standards. Since 1992, average wages have reversed a twenty-year decline and have grown by 6.0% in real terms, to $449 a week on average. This family prosperity is reflected, for example, in record rates of home ownership.

This makes me very proud to present our budget to the Subcommittee today.

THE TRADE AGENDA

Let me now turn to the agenda we have set, in close consultation with Congress, for the future. Generally speaking, our trade policy seeks the following goals:

- Address the trade effects of the financial crisis which now directly affects nearly 40% of the world.

- Continue our progress toward open and fair world markets through a new negotiating Round, as well as our role as host and Chair of the WTO's Third Ministerial Conference, regional negotiations and bilateral talks.

- Advance the rule of law and defend US rights by ensuring full compliance with trade agreements and strongly enforcing our trade laws.

- Encourage the full participation of all economies, including economies in transition and developing nations, in the world trading system on a commercially meaningful basis;

- Ensure that the trading system helps lay the foundation for the 21st-century economy by offering maximum incentives for scientific and technological progress.

- Ensure that trade policy complements our efforts to protect the world environment and promote core labor standards overseas; and

- Advance basic American values including transparency and accessibility to citizens and involvement of civil society in the institutions of international trade.

TRADE AGREEMENT AUTHORITY

As we pursue this agenda, the Administration will consult with the Subcommittee and Congress on the renewal of traditional trade negotiating authority. The President, in his State of the Union address, called for a new consensus on trade. He said we must find the common ground on which business, workers, farmers, environmentalists and government can stand together.

Consistent with that approach, we believe negotiating authority should bolster the traditional bipartisan support for trade policy and allow us to pursue an agenda that reflects consensus goals. It is a tool which can help us negotiate with greater credibility and effectiveness on behalf of American economic interests, and thus contribute to our goal of opening markets, increasing growth and raising living standards.

TRADE EFFECTS OF FINANCIAL CRISIS

Let me now address our agenda in detail. I will begin with the trade effects of the financial crisis affecting Asia, Russia and parts of Latin America. This crisis has now lasted a year and a half, and its effects on our trade interests have been severe. Countries which have implemented IMF reform programs have seen a number of good results, including currency stability and returning investor confidence. However, real economies continue to suffer. Six major economies -- Hong Kong, Indonesia, Malaysia, South Korea, Russia and Thailand -- are likely to have contracted by 6% or more last year.

As a result of this crisis, the American trade imbalance has widened. This reflects largely a sharp drop of about $30 billion in American exports to the Pacific Rim, and a consequent break with the pattern of rapid U.S. export growth of the past few years. Our overall import growth last year (with the principal exception of the steel sector, in which imports rose very rapidly in the second half of 1998, affecting thousands of jobs) remained consistent with growth rates in previous years. Thus the larger deficit largely reflects predictable macroeconomic factors.

Our trade policy response begins by ensuring that our trading partners continue to live by commitments at the WTO and in our regional and bilateral agreements. The strength of the trading system is an enormous advantage here -- despite the worst financial crisis in fifty years, the world has resisted the temptation to relapse into protectionism. This has greatly reduced the potential damage to our economy, and particularly to American manufacturing exporters and agricultural producers. In addition, other markets -- particularly our NAFTA partners Canada and Mexico, to whom U.S. goods exports grew by $13 billion last year -- have in part compensated, thanks to the more open North American market NAFTA has created, for some but not all of these lost exports.

We continue with a policy response covering several areas:

- *IMF Recovery Packages* -- We have supported reform packages with the IMF at the

center in affected countries. Several of these contain trade conditionalities which we vigorously monitor. These packages are showing results: especially in Korea and Thailand, there are early signs of recovery, including a fairly strong recovery in American exports to both countries in the last quarter of 1998.

- *Restored Growth in Japan* -- A return to growth in Japan, Asia's largest economy, is essential for the economic health of the region. The Administration's view is that this will require fiscal stimulus that continues until solid growth is restored, financial reform, and deregulation and market-opening. USTR's responsibilities lie in this last area. In addition to an aggressive bilateral agenda, the agreement we reached in Japan last May sets out concrete deregulatory measures in telecommunications, housing, medical devices, pharmaceuticals and financial services sectors, and measures to strengthen competition policy enforcement and transparency. When fully implemented, these will create opportunities for exporters and workers in America, other Pacific economies and Japan. We are now discussing new measures in these sectors and energy as well.

- *Steel* -- The President's January 7 Steel Report to the Congress laid out a copmrehensive action plan on the steel import surge. The plan provides for a roll-back of imports from Japan – the key source of the import surge – to pre-crisis levels, by stating that the Administration is prepared, if necessary, to self-initiate trade cases to ensure that this roll-back takes place. The plan also outlines actions taken by the Commerce Department to expedite ongoing dumping investigations and apply dumping margins retroactively. In addition, the Administration expresses strong support for an effective safeguards mechanism, and commits us to continue to assess the effectiveness of steps taken to date, and working closely with the industry, labor, and members of Congress, to assess additional steps. To assist in this ongoing review, we also announced that preliminary steel import data will be released, thus enabling the industry's business planners to react to imports on a more timely basis.

  Since then, the Commerce Department has announced preliminary dumping margines with respect to Japan, Russia and Brazil. We have initialed two agreements with Russia, including a suspension agreement on the carbon flat rolled dumping case, and a broader agreement under the market disruption article of the 1992 U.S. bilateral trade agreement with Russia. These agreements would roll back and cap steel imports from Russia, the second largest source of our 1998 steel import surge. In Korea, we have expanded and expedited discussions on steel with the objectives of real and substantive progress toward permanently getting the Korean government out of the steel business.

  Import statistics over the past two months demonstrate that this policy is working. Between November and January, steel imports of carbon flat rolled products from Japan, Russia and Brazil which the Commerce Department found to be "dumped" declined 96, 98 and 76 percent respectively. At the same time, we have remained faithful to our own international commitments, thus doing our share to forestall a protectionist response to the global crisis by our trading partners and retaliation which would endanger American

agricultural and steel-intensive manufacturing exporters.

I. GROWTH AND HIGHER LIVING STANDARDS

Let me now turn to our negotiating agenda. In this agenda, we seek enduring goals -- growth, higher living standards, the rule of law, a rising quality of life, better protection of health, safety and the environment, and the advance of basic values. As President Clinton said in the State of the Union address, we need to find new methods of negotiating and address a broader array of issues to secure these goals in the next century.

1. New Round and WTO Ministerial Conference

This is the basis of President Clinton's call for a new, accelerated negotiating Round for the 21st century. The Round would begin at the WTO's Third Ministerial Conference, which I will chair and which will be held in Seattle from November 30th to December 3rd. This will be the largest trade event ever held in America, bringing government leaders, Trade Ministers, business leaders, non-governmental organizations and others interested in trade policy from around the world. It is an extraordinary opportunity for us to shape at least the next decade of multilateral trade negotiations and to highlight our economic dynamism to the world.

At the outset, I would like to say a few things about funding for the WTO Ministerial. The Ministerial will be the largest international trade event ever held in the United States. Most of the funding for logistical preparations and on site Ministerial operations will be met by the Seattle community, including substantial in-kind contributions from major corporations from Washington State. Even with this local funding, the U.S. Government will bear some of the cost for managing the conference, and the President's FY 2000 Budget contains $2.0 million in the State Department budget for that purpose. Over the next month, we will be discussing physical site requirements with the WTO, and financial contributions with the Seattle Host Committee.

The Round President Clinton has called for would begin at this event. It would be somewhat different from previous Rounds, in that we should be able to pursue three dimensions simultaneously: first, a negotiating agenda to be completed on an accelerated timetable; second, institutional reforms and capacity-building at the WTO; and third, ongoing results in priority areas.

To begin with, we would hope to advance a number of important initiatives in the months leading up to the Ministerial Conference and at the event itself. They may include:

-- An "Information Technology Agreement II" adding new products to the sectors already covered by the first ITA.

-- Electronic Commerce -- Extension of last May's multilateral declaration not to assess customs duties on electronic commerce, to make sure that the Internet remains an electronic duty-free zone.

-- An agreement on transparency in procurement to create more predictable and competitive bidding, reducing the opportunity for bribery and corruption and helping ensure more effective allocation of resources.

-- Building consensus on the sectoral liberalization initiative begun in the Asia-Pacific Economic Cooperation (APEC) forum. This would eliminate tariffs and in some cases liberalize services in chemicals; energy equipment and services; environmental goods and services; fish and fishery products; gems and jewelry; medical and scientific instruments; toys; and forest products. Meaningful participation by Japan in the fishery and forest products sectors would be essential to success.

The second dimension of institutional reform would promote transparency, allow the WTO to facilitate trade and participation for less developed nations, help it coordinate more effectively with international bodies in other fields, and continue to strengthen public confidence in the WTO as an institution. Here we would hope to take up such issues as:

-- Trade facilitation. Most of the world's regional trading arrangements -- ASEAN, APEC, the European Union, Mercosur, NAFTA, the proposed FTAA -- contain a critical element of trade facilitation, often beginning with customs reform to reduce transaction costs and make trade more efficient. The WTO can help accomplish this on a much broader scale.

-- Capacity-building. We need to narrow the growing disparity between the rich countries and the poor countries. We have to ensure that the WTO can work effectively with member economies and other international institutions, particularly with respect to the least developed nations, to ensure that they have both access to markets and technical assistance to meet the kinds of obligations that will help them grow. This and other issues will be addressed at a High-Level Meeting on Trade and Development this March.

-- Addressing the intersection between trade and environmental policies. As trade promotes growth overseas, we must at the same time ensure clean air, clean water and protection of our natural heritage, as well as effective approaches to broader questions like biodiversity and climate change. We have already scheduled a High-Level Meeting of trade and environment experts in March, which we anticipate will provide fresh and valuable input to our work in this area and help frame a vision for future work.

-- Addressing the intersection between trade and labor. Again, as in our domestic economy, growth can and should be accompanied by safer workplaces, elimination of exploitive child labor and respect for core labor standards. The WTO in particular can work in more coordination with the International Labor Organization on some of these issues. As the President has announced, the US will provide funds for a new multilateral program in the ILO to provide technical assistance for international labor rights initiatives, and through our own Department of Labor will help our trading partners strengthen labor law enforcement. These and other such efforts should be a focus of renewed cooperation with

the ILO.

-- Coordination with the international financial institutions, in a world where the separation of trade from financial policy has become entirely artificial. The WTO must work more effectively with the IMF and World Bank to achieve their common goals of a more stable, predictable and prosperous world.

-- Transparency. We will also seek reform, openness and accountability in the WTO itself. Dispute settlement must be transparent and open to the public. Citizens must have access to panel reports and documents. Civil society must be able to contribute to the work of the WTO, to ensure both that the WTO can hear from many points of view including labor, environmental, consumer and other groups, and that its work will rest on the broadest possible consensus.

With respect to the expedited negotiating agenda of this Round, we are now consulting with Congress, industry, and other interested parties on a detailed negotiating agenda for talks which would begin after the Ministerial. While the final scope of the agenda is yet to be determined, we believe that at a minimum they should include such issues as:

-- Agriculture, where we envision broad reductions in tariffs, the elimination of export subsidies, and further reductions in trade-distorting domestic supports linked to production. We must seek transparency and improved disciplines on state trading enterprises, seek reform of the EU's Common Agricultural Policy, and ensure that the world's agricultural producers can use safe, scientifically proven biotechnology techniques without fear of trade discrimination.

-- Services, in which we hope to see specific commitments for broad liberalization and market access in a range of sectors, including but not limited to audiovisual services, construction, express delivery, financial services, professional services, telecommunications, travel and tourism, and others.

-- Government procurement, in which purchases are over $3.1 trillion per year, much of it in sectors where America sets the world standard: high technology, telecommunications, construction, engineering, aerospace and so forth. At present, only 26 of the 133 WTO Members belong to the plurilateral WTO Government Procurement Agreement. We thus look to bring more countries under existing disciplines.

-- Intellectual property, where our efforts to ensure full compliance with the existing provisions of the Uruguay Round will be combined with campaigns against piracy in newly developed optical media technologies such as CDs, CD-ROMs, digital video discs and others; and end-user piracy of software.

-- Industrial tariff and non-tariff barriers, where we will seek to continue our progress in reducing bound and applied tariff levels, and continue to address non-tariff measures in

industrials sectors.

-- A forward work-program on newer issues for the multilateral system to consider, including how competition and investment policies help to assure fair and open trade how the WTO can help create an international pro-competitive regulatory climate, particularly in services, and how it might further advance our efforts against bribery and corruption.

We are also exploring ways to more fully integrate the least developed countries, particularly in sub-Saharan Africa, into the system. This includes both seeking deeper commitments, and technical assistance in fulfilling those commitments, and the African Opportunity and Growth Act now under consideration in the House.

Finally, I am pleased to state that new market-opening provisions in financial services trade have entered into force, effective March 1, as a result of the 1997 WTO Financial Services Agreement. In the negotiations that concluded in December 1997, we obtained market access commitments in banking, insurance, and securities, from a wide range of countries including the key emerging markets of primary interest to U.S. industry. The agreement covers an overwhelming share of global trade in this sector, including the most important international financial services markets and encompassing $38 trillion in global domestic bank lending, $19.5 trillion in global securities trading, and $2.1 trillion in world wide insurance premiums, accounting for approximately 95% of bank lending, stock turnover, capitalization of stock markets and insurance premiums.

Participating countries had until January 29, 1999, to complete any necessary domestic procedures and formally notify the WTO of their acceptance of the protocol for bringing their commitments into force. Fifty-two countries, including the United States, met the deadline. We are concerned that 18 countries did not meet the deadline. But, in consultation with this Committee's staff, staff of other relevant Committees, and our private sector, we concluded that a two-part strategy best served U.S. interests. First, we want our companies to be able to benefit from legally enforceable commitments in these 52 countries, which account for the overwhelming share of international trade in banking, securities, and insurance. Second, we will work to ensure that the remaining countries recognize that we and other WTO Members expect them to ratify the agreement and bring their commitments into force as soon as possible. We have no information to date that would lead us to believe that they will do otherwise. With this strategy in mind, we have agreed to bring the agreement into force on March 1 with respect to the 52 countries that have ratified to date. We continue to press the remaining countries, in capitals and in Geneva, to follow through on their undertakings and ratify the agreement.

2. Regional Trade Agenda

At the same time, we are pursuing an active agenda in each region of the world. A brief review is as follows:

Canada -- With Canada, our largest trade partner, we have serious concerns on a range of

agriculture matters. We took an important step last December by concluding a market access package opening opportunities for American grain farmers, cattle ranchers and other agricultural producers. We will continue our work in these areas this year. We will also address major market access impediments to our magazine publishers and other media and entertainment industries. We will also continue to enforce our bilateral sectoral agreements. At the same time, we intend to work with Canada on bilateral issues of mutual interest; and on negotiations toward the Free Trade Area of the Americas and at the WTO where we share many goals.

Mexico -- Trade with Mexico has expanded rapidly since passage of the North American Free Trade Agreement -- Mexico is now our second largest goods export market after Canada. We will continue to monitor implementation of Mexico's NAFTA commitments, scheduled to be complete by 2008, and address bilateral issues including land transportation, corn syrup and sugar, and telecommunications barriers as well as piracy in intellectual property rights. We have also stepped up our efforts in the trilateral work program now underway in more than 25 Committees and Working Groups, with the intention of maximizing our gains under the NAFTA.

Western Hemisphere -- The Miami and Santiago Summits of the Americas have called on us to complete work on a Free Trade Area of the Americas no later than the year 2005. This year, in accordance with Summit directions, we intend to achieve "concrete progress" toward the FTAA in our nine Negotiating Groups and through business facilitation and other measures. At the same time, we will seek approval from Congress of an expanded and improved Caribbean Basin Initiative with benefits similar to those now accorded Mexico and Canada.

Europe -- We are working to remove barriers and strengthen trade relations with the EU through the Transatlantic Economic Partnership begun last year. This includes negotiations on seven separate agenda items: technical trade barriers, agriculture (including biotechnology and food safety), intellectual property, government procurement, services, electronic commerce and advancing shared values such as transparency and participation for civil society. We are also working to ensure the protection of American interests as the EU expands to include Central and Eastern European nations. At the same time, we are enforcing European compliance with dispute settlement decisions and will address problems in our trade relations both bilaterally and through the new negotiating Round President Clinton has proposed.

Asia -- Under the Asia-Pacific Economic Cooperation (APEC) forum we are looking long-term toward free and open trade in the region. This year, as I noted earlier, we will seek WTO consensus on the nine-sector liberalization package begun in APEC, and begin work on six additional sectors. We will also address bilateral issues with Korea, the ASEAN nations and other Asian trade partners. This will include seeking Normal Trade Relations with Kyrgyzstan, Mongolia and Laos, and negotiating a broad trade and commercial agreement with Vietnam.

Japan -- In trade relations with Japan, our largest overseas trade partner, we will continue our intense and sustained effort to open and deregulate the Japanese market. We have concluded 35 bilateral trade agreements with Japan since 1993; we will monitor their implementation closely and enforce them vigorously. We will also address sectoral issues including rice, steel,

insurance, glass, film and other topics. For example, we will be addressing a wide range of primary and third sector issues in consultations with Japan on insurance scheduled for next month. And as I noted earlier, we are pursuing an ambitious set of goals under the Enhanced Initiative on Deregulation and Competition Policy, both in individual sectors and in broader structural issues. Building on discussions at recent Vice Ministerial-level talks in Tokyo, we are looking to compile a substantive package of measures to deregulate Japan's economy that our leaders can endorse when Prime Minister Obuchi visits the United States in May.

China -- We will monitor and strictly enforce our agreements on intellectual property and market access with China, and address bilateral trade problems in agriculture, direct marketing and other areas. At the same time, we will continue to seek broad market-opening through our negotiations toward China's accession to the World Trade Organization, which I address more fully below.

Africa -- USTR is implementing the President's Partnership for Economic Growth and Opportunity in Africa by supporting economic reform, promoting expanded trade and investment ties, and encouraging Africa's full integration into the world trading system by negotiating bilateral agreements, technical assistance and other measures, in particular Congressional approval of the African Growth and Opportunity Act. These are all focuses of this week's historic US-Africa Ministerial.

A sound policy framework in African countries that opens economies to private sector trade and investment offers the greatest potential for growth and poverty alleviation as well as trade opportunities for the U.S.. Last month, for example, we signed a Bilateral Investment Treaty with Mozambique, and Trade and Investment Framework Agreements, or TIFAs, with South Africa and Ghana. We hope to complete a similar TIFA with the West African Economic and Monetary Union. Broader efforts to encourage full integration of developing countries into the trading system will also bolster our Africa policy. In this regard, we will seek renewal of the Generalized System of Preferences.

Middle East -- Building upon our Free Trade Agreement with Israel, we have inaugurated a program that aims to bolster the peace process, while advancing American interests. Starting with a framework of bilateral trade and investment consultations in the region and a newly inaugurated industrial zones program, we will help the Middle Eastern countries work toward a shared goal of increased intra-regional trade. Most recently, I expanded the first Jordan-Israel Qualifying Industrial Zone, designated another, and completed a Trade and Investment Framework Agreement with Jordan.

OECD -- We strongly support passage of the OECD Convention on Shipbuilding Subsidies and will work with you to ensure its success.

II. ENFORCING THE RULE OF LAW

Second, US trade policy will support and advance the rule of law internationally by

ensuring the enforcement of trade agreements and U.S. rights in the trading system.

Much of our enforcement work takes place at the World Trade Organization. We have filed more complaints in the WTO - 44 cases to date -- than any other WTO member, and our record of success is strong. We have prevailed on 19 of the 21 American complaints acted upon so far, either by successful settlement or panel victory. In almost all cases, the losing parties have acted rapidly to address the problems. We will insist that this remain the case in all our disputes, including those with the European Union on beef hormones and bananas, and with Canada on magazines.

At the same time, the U.S. has complied fully with all panel rulings it has lost, although these are few in number. And we will, of course, use our rights under the NAFTA to ensure open markets to our goods and services in Canada and Mexico.

We are also monitoring implementation of WTO commitments. All WTO developing country members are scheduled to fully implement their intellectual property commitments, and all members are required to implement customs valuation commitments by January 1, 2000. We will insist on strict compliance with these deadlines.

Likewise, we are vigilant to ensure enforcement of textile quotas and implementation of textile market access requirements overseas. A number of our trading partners clearly have further work to do in market access, including some of our largest and fastest growing textile suppliers. We have and will continue to aggressively pursue our rights, whether through the consultation process or ultimately through the WTO dispute settlement regime.

U.S. trade laws are also a vitally important means of ensuring respect for U.S. rights and interests in trade. We will continue to challenge aggressively market access barriers abroad using laws such as Section 301, "Special 301" and Section 1377, to open foreign markets and ensure fair treatment for our goods and services, ensure nondiscrimination in foreign government procurement and ensure compliance with telecommunications agreements.

To ensure that we have the maximum advantage of domestic trade laws, the Administration has extended by Executive Order the substance of two laws for which authority has lapsed: "Super 301" and Title VII.

The Administration is also, of course, committed to full and vigorous enforcement of our laws addressing dumping and subsidies, and on injurious import surges.

III. INTEGRATING TRANSITION ECONOMIES

Third, our trade policy will continue our progress toward integrating China, Russia and other economies in transition into the trading system. This will both advance specific American trade interests, and contribute to our larger goal of a more secure peace in the next century.

This task is the last great step in the process which began with formation of the GATT and continued with the admission of Germany and Japan: the creation of a world-wide trading system which ensures respect for fairness, transparency and the rule of law. Specifically, we are pursuing the accession of 31 economies to the World Trade Organization: Latvia, whose accession is complete and awaiting ratification; and Albania, Algeria, Andorra, Armenia, Azerbaijan, Belarus, Cambodia, China, Croatia, Estonia, Former Yugoslav Republic of Macedonia, Georgia, Jordan, Kazakstan, Laos, Lithuania, Moldova, Nepal, Oman, Russia, Samoa, Saudi Arabia, Seychelles, Sudan, Taiwan, Tonga, Ukraine, Uzbekistan, Vanuatu and Vietnam. In all cases we seek a commercially meaningful accession with the greatest possible commitments to all WTO agreements.

As you can see, two groups of economies make up the bulk of these accessions: a set of Middle Eastern nations on one hand, and China, Russia and sixteen other nations in transition from communist planning systems to the market. Their entry will make membership in the trading system nearly universal; and the accession of the transition economies will be a fundamentally important step in their domestic reforms as well. This would remove large distortions in world markets, dramatically enhance market access for American producers, and bolster international stability by giving these nations a greater stake in world prosperity beyond their borders.

Let me say a few words in particular about the transition economies, because these are the largest nations and largest traders outside the system today. To support rather than undermine both domestic reform in these economies and the rules of the trading system, these countries must be brought into the WTO on commercially meaningful terms. The result must be enforceable commitments to open markets in goods, services and agricultural products; transparent, non-discriminatory regulatory systems; and effective national treatment at the border and in the domestic economy.

Central European countries like Poland, Hungary and the Czech Republic have succeeded, and their experience shows that WTO membership has assisted their domestic economic reform policies. The most recent successful WTO applicants, Latvia and Kyrgyzstan, have had the same experience.

In the months to come, we will negotiate intensely with all acceding economies, including China -- the largest prospective WTO member. We have made progress with China in the past two years, and the visit of Premier Zhu Rongji in April offers China a chance to make a decisive advance. I visited China two weeks ago to push this effort forward. During this visit we made further progress in the negotiations as a whole, and within each of the specific areas of goods, services and agricultural products. The negotiations are far from complete, however, and we will not accept anything less than a commercially meaningful accession. We will consult with Congress as negotiations proceed.

Likewise, at the most recent summit with Russia (September 1998), President Yeltsin agreed to work to intensify Russia's WTO accession efforts. Russia's current economic

difficulties clearly present challenges and Russian Cabinet reshuffling has slowed the process, but we will continue to consult with the Russians toward a commercially viable accession package.

IV. THE 21ST-CENTURY ECONOMY

Fourth, trade policy will help lay the foundation for the 21st-century economy by ensuring that the trading system is compatible with rapid advances in civilian science and technology.

In medicine, environmental protection, agriculture, entertainment, transportation, materials science, information and more, science is advancing at extraordinary speed. This offers the world tremendous potential to increase wealth, raise productivity, improve health care, reduce hunger, protect the environment and promote education. These are also areas in which the United States has a significant comparative advantage.

Under President Clinton, our trade policy has made high technology a strategic priority. Consistent with national security, we have aimed to ease the development and commercialization of new technologies, and ensure strong incentives for scientific and technological progress. We have negotiated far-reaching new agreements in sectors like computers, semiconductors, information technologies and many other areas. This work continues in multilateral, sectoral and regional negotiations.

In the multilateral system, the rapid advance of technology requires us to improve the trading system's institutions and negotiating methods. In a world where successive generations of new products arise in a matter of months, and both information and money move instantaneously, we can no longer take seven years to finish a negotiating Round, or let decades pass between identifying and acting on trade barriers. We will have to move faster and more efficiently, which is a significant reason for the President's call for an accelerated Round.

We must also ensure that trade policy, both in the WTO and in our regional and bilateral negotiations, helps ensure that we can take advantage of our comparative advantage in knowledge industries and other new technologies. Three broad issues cut across many sectors:

Intellectual Property Rights -- Our success in this field over the past decade owes a great deal to the work of Congress, both in the Trade Act of 1988 with its creation of "Special 301," and on the Uruguay Round. Today, the vast majority of our trading partners have passed modern intellectual property laws and are improving levels of enforcement. In this area, we will spend a great deal of time ensuring that all WTO members comply with their obligation to introduce full intellectual property protection by January 1, 2000. (For countries, like China, which are not WTO members, we will vigorously monitor compliance with bilateral agreements.)

We have also launched campaigns against worldwide piracy of new optical media technologies, and against end-user piracy of software. These issues are integral parts of our regional negotiating agenda in Asia, Latin America, Europe, Africa and the Middle East.

Looking ahead, we must extend protection of intellectual property rights beyond basic laws and enforcement to protect new technologies like genetically engineered plant varieties.

Global Electronic Commerce -- In accordance with the President's Global Electronic Commerce initiative, USTR seeks to preserve electronic trade over the Internet as duty-free. At the last WTO Ministerial Conference, in May of 1998, we won agreement to a "standstill" for tariffs on electronic transmissions. As I noted earlier, we will seek to extend that agreement this year. Likewise, in our negotiations toward the Free Trade Area of the Americas, at APEC and in the Transatlantic Economic Partnership, we have created special committees to advise us on ways to ensure all participants can take maximum advantage of electronic commerce.

Biotechnology -- A third top priority for us in this area is biotechnology. Among the chief sources of innovation in this field are American agriculture and medicine. USTR will seek to ensure that pharmaceutical companies, farmers and ranchers can use safe, scientifically proven techniques like biotechnology to make agriculture both more productive and friendly to the environment, without fear of encountering trade discrimination. This is a priority for us in the Transatlantic Economic Partnership negotiations and in developing our agenda for future WTO negotiations.

Sectoral -- We also have an active sectoral high-tech agenda. This includes, for example, the ITA II agreement I discussed earlier. We are also working closely with our civil aircraft industry to ensure its future and combat foreign, particularly European, subsidies and other unfair practices; and with the semiconductor industry on the appropriate next steps for the international semiconductor agreement. This work extends into many other fields.

V. RISING QUALITY OF LIFE

Fifth, US trade policy seeks to ensure that worldwide as in the United States, trade and growth go together with a rising quality of life, including setting high standards of environmental protection, the observance of core labor standards, and high levels of consumer protection.

As in our domestic economy, we regard environmental quality and protections for workers as essential parts of economic policy. Trade policy has an important role to play, in coordination with our efforts in other fora, to ensure growing respect for internationally recognized core labor standards and sustainable development worldwide.

1. Trade and the Environment

Our Administration believes that prosperity through open trade and the protection of health, safety and the environment need not conflict, and should be mutually supportive. This is the case in our domestic economy, where in the past three decades our GDP has risen in real terms from $3.7 to $8.5 trillion -- while our percentage of fishable and swimmable rivers and streams doubled, the number of citizens living in cities with unhealthy air fell by half, and many endangered or threatened species, including the bald eagle, are recovering.

The Preamble of the WTO recognizes this in the international setting, stating that sustainable development is a central objective of its work. Where there are potential conflicts, we should strengthen our ability to resolve them in a manner that protects the environment, health and safety and does not undermine the trading system. This includes working to ensure that the proper expertise is brought to bear on complex technical and scientific issues, particularly those with environmental, health and safety dimensions.

In many cases elimination of trade barriers will also contribute to a cleaner environment and the conservation of natural resources. For example, this can help countries gain access to cost-effective equipment and technology. APEC's work toward an agreement to liberalize trade in environmental goods and services, part of which has now moved to the WTO, can help countries monitor, clean up and prevent pollution, and ensure clean air and water. Likewise, the APEC initiative on energy equipment and services can promote rapid dissemination of efficient power technologies, thus allowing production of power with reduced carbon emissions and contributing to international efforts to address climate change.

At the same time, as the trading system ensures that members avoid using environmental standards as disguised trade barriers, in eliminating barriers to trade we must not compromise on the achievement and maintenance of high levels of environmental, health and safety protection. And the system must work together with multilateral environmental institutions.

With our strong support, the WTO is convening a High-Level Meeting on trade and the environment this week to more fully address these questions. This marks a new level of awareness and interest in the world trading community on trade and environmental issues. We anticipate that it will provide fresh and valuable input to our work in this area and help frame a vision for future work.

We will also continue to support the effective implementation of the North American Agreement on Environmental Cooperation in conjunction with the NAFTA. Cooperative activities that have occurred as a result of this agreement have improved environmental protection in a number of different areas -- for example, an agreement on the conservation of North American birds; the creation of a North American Pollutant Release Inventory; an agreement on regional action plans for the phase-out or sound management of toxic substances, including DDT, chlordane, PCBs and mercury; and the creation of a trilateral working group that has improved the enforcement of environmental protection laws. Benefits have also resulted from the implementation of the Border Environment Cooperative Commission (BECC) which was also entered into in conjunction with the NAFTA. The BECC has fifteen environmental infrastructure projects under construction today, funded in part by the North American Development Bank, including the first wastewater treatment plants in Juarez.

2. Trade and Core Labor Standards

Likewise, the trade system must help to assure the dignity and safety of workers. Here

again, we can draw lessons from our experience at home, where since 1970, as manufacturing production doubled, the number of workplace deaths fell 60%. Our efforts here include seeking closer cooperation between the WTO and the International Labor Organization, bolstering ILO capabilities to address exploitative child labor and other violations of internationally recognized labor rights as well as ensuring safe and healthy workplaces, and working with individual trade partners to advance our goals.

At the Singapore WTO Ministerial Conference in 1996, the WTO for the first time recognized the importance of labor standards and cooperative work with the International Labor Organization, while clearly separating advocacy of labor rights from protectionist trade policies. We wish to build on this to ensure that the trading system works more effectively with the International Labor Organization, with businesses and with citizen activists to ensure observance of internationally agreed core labor standards -- banning forced labor and exploitive child labor, guaranteeing the freedom to associate and bargain collectively and eliminating discrimination in the workplace.

We have thus proposed in Geneva that the WTO establish a forward work-program to address trade issues (e.g., abusive child labor, the operation of export processing zones) related to labor. We also have raised labor standards in country policy reviews under the Trade Policy Review Mechanism. In these reviews each WTO member's trade regime is examined, and other members are provided an opportunity to raise questions. We have used this opportunity, for example in the recent Swaziland review, to seek clarifications about labor practices that we believe are inadequate.

To bolster these efforts, the President recently announced a $25 million program to help the ILO work with developing countries to put in place basic labor protections, safe workplaces and guarantee worker rights and enforce their own laws so that workers everywhere can enjoy the benefits of a strong social safety net. (The US has already funded ILO child labor programs in Bangladesh, Thailand, the Philippines, Africa, and Brazil.) These are fundamental human rights and common concerns, and trade policy has a place in addressing them.

We are also taking steps in a number of other areas directly related to trade policy. The Administration has directed the Customs Service to step up its efforts to ensure that items made by forced or indentured child labor are not imported into the United States. USTR is enforcing provisions of existing law that impose penalties for clear violations of worker rights. For example, we partially removed GSP trade preferences from Pakistan over child labor concerns. At the same time, however, the Administration has worked through the Labor Department to develop long-term solutions to the problem, by addressing specific Pakistani industries. As a result, 7,000 children have been removed from jobs stitching soccer balls and 30,000 children from jobs knotting carpets.

Likewise, we are finding ways to address core labor standards as we advance our trade policy goals. The North American Agreement on Labor Cooperation under NAFTA is one example. Another is our recent textile agreement with Cambodia, which includes provisions requiring Cambodia to improve the enforcement of its labor laws in the garments sector.

VI. ADVANCING AMERICAN VALUES

Sixth, we will seek to advance basic American values and concepts of good governance, by making the institutions of trade more transparent, accessible and responsive to citizens.

As the President has said, as trade grows, the rules of trade do more to ensure that markets are open to our goods and services, and the trading system coordinates more fully with environmental, labor and financial institutions, the need for transparency, accessibility and responsiveness grow. This is natural and a development which we both support and are working to realize.

One principal forum here is the WTO, where we are seeking agreements on more rapid release of documents, ensuring that citizens and citizen organizations can file amicus briefs in dispute settlement proceedings, and that dispute settlement proceedings be open to public observers. In the interim, President Clinton has made a standing offer to open any dispute panel involving the United States to the public, if our dispute partner agrees.

A second forum is the FTAA negotiations, in which -- for the first time in any trade negotiation -- we have created a Civil Society Committee to give business associations, labor unions, environmental groups, student associations, consumer representatives and others a formal means of conveying concerns and ideas to all of the governments involved in the talks.

A third is our encouragement of new Transatlantic Dialogues with the European Union for consumers, labor and environment as part of the Transatlantic Economic Partnership. Through this effort we are promoting our shared values with Europe in the activities and negotiations we are undertaking as part of the TEP and multilaterally.

FY 2000 BUDGET LEVEL

Over the past six years, as I noted earlier, we have negotiated over 270 trade agreements since 1992, and in important part because of this our volume of bilateral trade has expanded by nearly three quarters of a trillion dollars. This has inevitably meant a heavier workload for the USTR. Our budget request will allow us to meet this workload while protecting our tradition as a small and efficient agency.

For FY 2000, the budget request proposes 185 FTEs and $26,501,000 in new budget authority to support this trade agenda. This represents an increase of $1.8 million and career 7 FTEs. We would use the $1.8 million increase in five targeted areas:

- $1.2 million to fund the expected cost of legislated employee pay raises, as well as non-pay inflation in areas like rents, utilities and travel;

- $400,000 for 7 new career positions in areas with growing workloads. Six of the seven new positions would be Trade Specialists and one would be a support position. Of these positions: 2 each are in USTR's Agriculture and Africa units; and one each are in Japan, China, and Western Hemisphere offices;

- $400,000 for negotiator travel to meet rising number of trips to China, Japan, Africa and other distant and costly negotiating sites;

- $225,000 for security-related projects in USTR's Geneva and Washington offices to guard against the threat of terrorism, and to protect sensitive and classified information from unauthorized access; and $100,000 is to meet a growing demand for interpretation and translation services for use in negotiations, enforcement proceedings and reviewing country proposals.

This represents a total budget increase of $2.225 million, which is partially offset in FY 2000 by a reduction of $498,000 in funding for Y2K improvements made available in FY 1999 on a one-time basis under the Omnibus Consolidated and Emergency Supplemental Appropriations Act (P.L. 105-277). Thus the net increase is $1.8 million.

Mr. Chairman, USTR needs every penny of the $26.5 million we are proposing in the FY 2000 budget request. We are keenly aware of our responsibilities for first attempting to absorb the requested cost increases by reordering work priorities, cutting administrative overhead, improving management or otherwise economizing.

Yet, USTR has virtually no capacity to absorb higher costs in FY 2000. Two-thirds of the USTR appropriation supports the salaries and benefits of employees, and the remaining one-third pays for building rent, utilities, security, travel to negotiating sites and other direct day-to-day operating expenses. Unlike larger Federal agencies, we do not have the option of cutting back in categories like grants and contracts, nor do we have the option of trimming layers of management or administration. We have already accomplished an enormous amount of "belt-tightening" in the last six years, and any further budget savings will come at the expense of our core negotiation, policy coordination and enforcement programs.

In fact, between FY 1991 and FY 1997, USTR's appropriations for basic operations rose by less than $1 million, roughly 4.4 percent over the six year period, or about seven-tenths of one percent annually. Over the six years, we had to absorb about $400,000 a year, just to meet the cost of legislated employee pay raises and rising costs in non-pay categories like utilities, office rent, airfares and per diem charges. We absorbed a cumulative total of nearly $2.5 million through a series of financial management improvements and cuts in administrative overhead. Let me give you some examples:

- We rescinded authority for Assistant USTRs to approve their own travel, and instituted a rigorous review process that requires that the Chief of Staff approve every single trip. Such individual attention has not only reduced the number of trips, but the number of

persons going on the same trip;

- We mandated use of frequent flyer coupons in order to increase the number of trips with the same amount of funds. In the last five years, we have funded 126 trips with bonus coupons, saving the Government $275,000 in the cost of airplane tickets;

- We also established policies that required all employees to fly in economy class, unless the trip exceeds 12 hours of flying time -- a more rigid rule than the government wide standard;

- We reduced the amount of office space we used in the Geneva Office, cutting rental costs by several hundred thousand dollars;

- We reduced our computer staff by more than half, saving more than $1 million in payroll expenses, while at the same time upgrading the computer network and installing an innovative system for receiving classified State Department cables, which reduced the time it takes our negotiators to read cables and the expense of transporting and coping hard copy versions of the cables.

These are just some of the ways that USTR has economized over the past several years. These actions have not only resulted in an agency that is "lean and mean" by any measure, but one that has been cut to the quick, completely unable to absorb the kind of budget needs presented in the USTR's FY 2000 budget request. For this reason, we need the support of the Committee, and the Congress, in providing the full $26.5 million and 185 FTEs in FY 2000.

One last point. USTR is a small agency. But I believe we have some of America's finest public servants. Our staff is talented, talented, works long hours, and delivers results for the America people. On their behalf, I am proud to present this budget to the Subcommittee today.

CONCLUSION

In conclusion, Mr. Chairman, much has changed in the international economy in the fifty-one years since the United States led 23 countries in creation of the GATT. Our national interest in economic events beyond our borders has grown, our people have found new opportunities and new challenges in trade, and many new nations have become active in trade.

We have developed an agenda that will cement the progress we have made, and take it forward into a new century. I am very proud to be associated with the staff of the Office of the U.S. Trade Representative in this effort. The work ahead is challenging. But I can assure you and the members of the Subcommittee that we are ready to accept these challenges. With the approval of our appropriation request and the continued support of the Subcommittee, I am confident that we can continue successfully to carry out our mission and meet the challenges before us.

This concludes my formal statement. I would be pleased to answer any questions you may have.

Thank you very much, Mr. Chairman and Members of the Subcommittee.

Ambassador Charlene Barshefsky

United States Trade Representative

Charlene Barshefsky was sworn in as the 12th United States Trade Representative (USTR) on March 17, 1997. Ambassador Barshefsky previously served as Acting U.S. Trade Representative from April 1996 to March 1997 and as Deputy U.S. Trade Representative from May 1993 to April 1996.

President Clinton said of her record and accomplishments, she "has been a brilliant negotiator for our country." As a member of President Clinton's Cabinet, she is the Administration's principal trade policy advisor and negotiator. Her market opening policies and resulting trade agreements have contributed significantly to U.S. economic expansion as U.S. exports have increased more than 50% in the last five years, fueling more than a third of U. S. domestic economic growth. During her tenure at USTR she has been instrumental in achieving over 260 trade agreements, covering key industrial sectors, services, agriculture and the protection of intellectual property rights worldwide.

Ambassador Barshefsky has demonstrated a substantial record of accomplishments in enhancing U.S. export opportunities for the benefit of U.S. workers and farmers and enforcing U.S. rights in the global economy through the application of U.S. trade laws and international agreements. During her first year as U.S. Trade Representative, Ambassador Barshefsky concluded three significant global market opening agreements: the Information Technology Agreement (expanding trade on information technology exports), the Global Telecommunications Agreement, and the Global Financial Services agreement.

To successfully execute the President's global trade vision, Ambassador Barshefsky is advancing multi-dimensional regional agendas throughout the world. Under her leadership, comprehensive negotiations were launched to create the Free Trade Area of the Americas (FTAA), which will be the largest free trade zone in the world by 2005. She also has given vitality to the Asia Pacific Economic Cooperation forum (APEC) which has launched an initiative to open world markets across 15 sectors totaling $1.5 trillion in global trade. The U.S.-E.U. Transatlantic Partnership is aimed at further market access and addressing a myriad of trade issues. She is a leading architect of the Clinton Administration's Africa Trade Initiative which is designed to expand trade and increase investment in this important region, and has been instrumental in increasing trade in the Middle East.

Ambassador Barshefsky also has focused on U.S. trade policy interests in China and Japan particularly toward achieving market access goals. She had been instrumental in negotiating 35 trade agreements with Japan and 15 trade agreements with China, including the 1995 and 1996 U.S. - China Intellectual Property Rights agreements.

Prior to being appointed Deputy USTR, Ambassador Barshefsky was a partner in the Washington, D.C. law firm of Steptoe & Johnson. She specialized in international trade law and policy for 18 years and co-chaired the firm's substantial International Practice Group.

Ambassador Barshefsky graduated from the University of Wisconsin in 1972 and, in 1975, from the Columbus School of Law at the Catholic University in Washington, D.C., earning numerous academic honors at both institutions. Ambassador Barshefsky repeatedly has been recognized for her extensive work on behalf of the United States, its industries and its workers and has received numerous awards. Ambassador Barshefsky is married to Edward B. Cohen and resides in Washington, D.C. with their two daughters.

SATELLITE EXPORT LICENSES

Mr. ROGERS. Thank you, Madam Ambassador.

Last month, the administration rejected the sale of a $450 million satellite to a business group that holds ties to the Chinese Government. This is a result of the fact that previous satellite exports have resulted in providing the Chinese the scientific expertise to improve their missile launching capacity.

What is your view on the decision to reject the sale of the satellite?

Ms. BARSHEFSKY. Mr. Chairman, USTR is not involved in the process of export license review on particular matters such as this. Obviously, I fully support the administration's decision in this regard.

Mr. ROGERS. Well, in the document, a report by the Secretary of State, which was issued January 25, 1999, transferring the authority to recommend on these types of matters, among the people to be consulted in that directive was the U.S. Trade Representative. So you are in the loop.

Ms. BARSHEFSKY. Well, we may be in the loop on paper but we were not in the loop with respect to rejection of this particular——

Mr. ROGERS. You were not consulted?

Ms. BARSHEFSKY. Certainly, I was not. I do not know if anyone in our office was, but I was not. I obviously support what the administration has done, but I was certainly not directly consulted; no.

Mr. ROGERS. It is supposed to be the Departments of Commerce, Energy, Transportation and the USTR. I am somewhat puzzled, why you were not consulted.

Ms. BARSHEFSKY. Mr. Chairman, I will get back to you, if anyone in our office had been consulted. I was certainly not directly consulted; no.

Mr. ROGERS. But nevertheless, you say you would support the administration?

Ms. BARSHEFSKY. I have no basis not to.

Mr. ROGERS. Given the revelations concerning the theft of critical nuclear technology by China at the Los Alamos laboratory, is this the appropriate time to reward China with entrance into the World Trade Organization?

Ms. BARSHEFSKY. Mr. Chairman, China's entry into the WTO, were it to occur, is hardly a reward to China. China would have to make a series of large unilateral commitments to open up its markets across the range of its economy. Goods, services, agriculture, with very few exceptions. In addition, China would have to commit to abide by the rules of the WTO.

So this, by any means, would not be a favor to China. It is, instead, if China were to come forward with a commercially meaningful package of commitments, a way for the United States to begin to redress the extraordinary trade imbalance we have with China and gain access to the world's most populous and largest single market.

Mr. ROGERS. The New York Times' editorial last Sunday said, quote: "It may be that problems with China can be managed through a more exacting form of engagement that places less em-

phasis on commerce. It is abundantly clear that doing so will require more vigilance about protecting American interests, and a greater willingness by the White House to resist Chinese efforts to exploit the relationship." End of quote.

Do you agree with that?

U.S. TRADE RELATIONS WITH CHINA

Ms. BARSHEFSKY. I think we have to look at our overall relations with China and determine how best to proceed consistent with broad American interests, consistent with the global interests that we have in a stable and prosperous China, when it is constructive in the region in which China is located, not destructive and not destabilizing, and I think that will require a look at every facet of our relations with China, whether security, diplomatic, political, commercial, that whole range of interests, and be sure that we feel we have the right policy with respect to each of those areas.

There's no single magic formula and there's no single bullet. I think in the trade area, in particular, where we are clearly at a disadvantage because of China's closed market and economic structure that is rather at odds with ours in the global community, that we would be wise to try and push China as much as possible toward internationally accepted commercial norms, toward market opening, and adherence to the rule of law.

That I think is very much in our interest, whether or not we are talking about commercial matters per se.

But to get China under multilateral surveillance, subject to the rule of law, subject to public and enforceable commitments, absolutely should be a goal of the United States and the fact that we might also benefit from that, commercially, is no reason not to see those changes in China occur.

Mr. ROGERS. Do you anticipate that entrance into the WTO will be supported by the U.S. when the Chinese premier comes to the U.S. next month?

Ms. BARSHEFSKY. I think the question, first off, is whether China is willing to step forward and make the commercially meaningful commitments that would be required for it to get in, which means market access in goods, services, and agriculture, adherence to the full range of WTO rules, reasonable transition periods where that's required, but not unduly lengthy.

I think China in the first instance has to decide if it is ready to come forward. I think we have made important progress but there is still work to be done.

If China were to come forward, obviously, Mr. Chairman, we would work with the Congress in terms of going through what it is this agreement would encompass and I have been doing a number of briefings on the Hill and we try to keep Members informed.

I think we all would have to come to a common decision on this. But I do believe it is absolute in our interest if China will move ahead, will undertake the reforms we have been urging in this administration for six years, but for seven years, in prior administrations, if China is willing to do that, we should not be afraid to say yes.

Mr. ROGERS. You said that the U.S. would support their entry only if it is, quote, "commercially meaningful."

Ms. BARSHEFSKY. Yes.

Mr. ROGERS. What do you mean?

Ms. BARSHEFSKY. Sharp reductions in their overall tariff rates and elimination, over time, of their non-tariff barriers. Opening up their agricultural sector, including in commodity areas of critical importance to the U.S., you know, wheat, corn, cotton, soybeans, sort of the gamut of very, very large commodity exports as well as all the specialty agricultural products. The fruits and the nuts, and so on, and so forth.

Opening up of their services sector. Distribution, for example, is absolutely critical. Financial services. Market opening in telecommunications, in professional services.

You know, these accessions are of enormous complexity because they cover basically the entire trade regime of the acceding country, but I think this gives you some flavor.

We are not looking for little change in China. This is not looking for incremental change in China. This would be very, very radical change from where China is at present.

Mr. ROGERS. What role do you believe Congress should have in approving China's entrance into the WTO?

Ms. BARSHEFSKY. I think Congress should obviously look at the agreements. You should certainly look at all the agreements we negotiate and obviously work with us. I do not think this is an area where the administration and Congress are on different sides.

I think we all want the same thing, that is to say, a productive China and one that is moving toward international norms, including in commercial matters, and in the conduct of their trade regime, and I would hope that we could work together to achieve that.

Mr. ROGERS. Now even if China pledges to take a whole host of steps and make that radical change that you have mentioned to win entrance into the WTO, what reason is there to believe that China would follow through on those steps once it becomes a member and we have played our card?

Ms. BARSHEFSKY. Well, I think that we have a number of mechanisms that would be designed to help ensure that.

One is of course that every commitment China would make would be fully enforceable. We are looking for very specific commitments, year by year, product by product, subproduct by subproduct.

We do not want to leave anything to the imagination and we wish to avoid ambiguity.

Second of all, China, for the first time, would have its entire trade regime subject to multilateral scrutiny.

It is the first time the United States would not be alone, as we were on intellectual property rights and textiles issues, pushing China with Europe doing very little, with the rest of Asia doing very little. WTO accession gives every single member an interest in ensuring that China lives up to its obligations.

Third, we would propose to include in China's protocol the "rules of the road," if you will, a special provision which allows for multilateral review, every year, of China's adherence to its commitments.

Are there problem areas? If so, what are they? What is the possible solution. So that we do not fall behind in China's implementation of its commitments.

So I think those steps, coupled of course with our preserving all of our trade law rights, the United States would not be making one single change in its trading regime, nor would we alter in any respect our trade laws.

So those WTO measures, coupled with our own trade laws, which will remain fully effective, we believe will be sufficient.

This is a very complex undertaking. It will not be easy. It is not easy with Europe as we have seen recently. It will not be easy with China, but we do think we have the means in place to arrive at a credible means of enforcement.

Mr. ROGERS. Do you believe that Taiwan's entrance into the WTO would come before or after China's entrance?

Ms. BARSHEFSKY. Well, Taiwan's market access talks are not yet completed. In a WTO accession, the acceding country first negotiations bilaterally with each of its major trading partners and then multilaterally on the rules.

Taiwan has not yet closed out, bilaterally, with Canada, I am not quite sure why, and there is some indication that there are several other countries that it may not have finished with yet, bilaterally.

In terms of the multilateral rules, that negotiation is still ongoing in Geneva and is not yet complete. So I cannot give you a final time line on Taiwan.

I do think that it has long been the anticipation of many WTO members that China and Taiwan would enter essentially simultaneously, a formulation with which Taiwan has generally been comfortable and with which China is comfortable.

But were China's accession to stall, if China does not move forward, then I think we have to revisit that issue.

Mr. ROGERS. Mr. Serrano.

Mr. SERRANO. Thank you.

Mr. Chairman, by the way, as I was listening to you speak on the issue of China, it dawned on me that if we use espionage as a basis for not participating in the World Trade Organization, we may have to close down the organization, because at one time or another, every country, including ourselves, has been accused. Not that we have ever done it.

You know, every day the Chairman and I have a little side understanding going here, that he tries not to bring up the Census issue, and I try not to bring up Cuba. But just to get rid of it, immediately, it is amazing, how we make all these wonderful—and you are not guilty of anything other than what we all are in this country—presentations on why we deal with China, which continues to beg the question, why we do not deal with Cuba.

I guess the simple answer is there is a law against that and there is no law against dealing with China. But the more I hear why we must deal with China, the more I am reminded of the fact that in the neighborhood I grew up in, in every other neighborhood the "big guy" always had more power than the "little guy."

So if China was 4 million people and 50 miles wide, we would probably be demanding from them what we have been demanding for 40 years from Cuba.

But that is another issue. It is just that I need to get it out every so often, or my staff will think there is something wrong with me.

U.S. FOREIGN OFFICE SECURITY ISSUES

The issue of security. You asked for $225,000 in your budget for security.

Ms. BARSHEFSKY. Yes.

Mr. SERRANO. There is also the issue of last year's Omnibus appropriations bill, which included dollars for security.

One question. Did you get any dollars from that bill for security? And secondly, the $225,000 you are asking for, do you know what that will require in additional funding in years to come, future years, in order to meet your obligations?

Ms. BARSHEFSKY. We did not receive any funding in the Omnibus Bill for security. It is our understanding, basically, that those funds are being used to strengthen security at U.S. embassies worldwide, but that, unfortunately, does not include one of the foreign offices we have, which is in Geneva.

We have made, however, a number of security improvements over the years in both the Geneva office as well as here in Washington.

But with all the various incidents that have been happening, we are of course ever vigilant and ever concerned about security issues.

The FY 2000 requests that we have made on security, a budget request of I think $225,000, would really include four different projects, aimed at reducing threats from terrorism or espionage to our facilities and data.

One is as to Geneva, two additional contract guards for our Geneva office. I would be pleased to brief you, separately, on the necessity for that, but we do think that is important.

Second, funds to upgrade the encryption of our computer network communications between Washington, D.C. and the Geneva offices.

Third, funds to hire an additional contract guard at our annex building which is on F Street, here, in town.

And last, we would like to purchase certain parking spaces which run along the side of the building. The District of Columbia Government is pleased to allow us to do that, so that vehicles could no longer park, other than Government vehicles, could no longer park in an area so approximate to the building, and we have requested funding for that purpose as well.

Mr. SERRANO. You would be purchasing the parking space?

Ms. BARSHEFSKY. Yes; along a portion of the side of the building. Yes, sir.

Mr. SERRANO. I imagine that is a very expensive proposition in the middle of D.C. Right?

Ms. BARSHEFSKY. Well, no. I think it is $25,000.

Mr. SERRANO. $25,000?

Ms. BARSHEFSKY. Yes. Each year.

Mr. SERRANO. Now, is there an ongoing consultation with the State Department about the security issue?

Ms. BARSHEFSKY. Yes, there is, indeed, and if I might clarify one thing. Each of the budget requests we have made on the security

guards, and so on, of course that is funding in each year. You do not hire a security guard for one year.

With respect to working with the State Department, in Geneva, we are not located in the State Department's mission building. We are located in separate quarters.

I think we would prefer to move, if we could, for security reasons. We have been working with the State Department on whether we could move to their mission building in Geneva.

An architect has done a fairly exhaustive review and has concluded there is not the space. We have a very small Geneva shop, about 12 or 13 people, but the mission building currently does not have the space, and the architect, as I understand it, has concluded that renovating or adding on to the space would be prohibitively expensive.

On the other hand, I think a number of us feel that we, for security reasons, should attempt to move. We are looking at the question of other space. We still have not given up on the mission building and I have yet to receive the architect's report, which I would like to personally review.

But we are working with the State Department, and we are, as you can imagine, very security conscious.

U.S. TRADE WITH AFRICA

Mr. SERRANO. Now on another item, you are asking in your statement for seven additional positions, two of which are for your African unit.

Ms. BARSHEFSKY. Yes.

Mr. SERRANO. How many people are currently assigned to that unit, and how does that compare to staffing for other geographical units? Could you briefly describe your current and proposed trade activities with Africa.

What would be the impact on your ability to carry out the administration's Africa trade agenda if you do not get these two new positions?

Ms. BARSHEFSKY. Our offices are staffed very slimly. Let me give you an example. Our Western Hemisphere office has seven permanent professionals, three detailees. Europe, six permanent professionals, two detailees. China, three permanent professionals, no detailees.

Africa has three people, one professional and two detailees. We have asked for the seven new career positions because these shops are almost ridiculously understaffed.

The people who are in these shops of course are first-rate professionals. None of them come in at 9:00 o'clock. None of them leave at 5:00 o'clock and none of them work five days a week, and they are under tremendous pressure.

With respect to Africa, of course this is a new shop. It is one that I created because the U.S. Trade Representative's Office had never had an office dealing with Africa.

We have offices dealing with every geographic region of the world and, somehow, over the course of 30 years, we missed an entire continent.

So I created the office. We have begun a process of negotiating trade and investment framework agreements, that is, sort of over-

arching agreements with some of the African nations, so that we can have regular consultations on market access issues, WTO-related issues, and so on.

We also have negotiated a bilateral investment treaty, our first in sub-Saharan Africa with Mozambique. We would like to extend that program to ensure the sanctity of American investment abroad in Africa, and, in general, we would like to have at least one other person who can work quite directly with the African nations on WTO-related matters, both with respect to disputes we may have, as well as with respect to revision of rules and other issues.

Mr. SERRANO. Well, we have a great interest on this side in that whole issue of African trade, so with the Chairman's permission, I would hope you will keep the committee informed on how that is going and what progress or lack of progress we make.

Ms. BARSHEFSKY. Yes, sir.

Mr. SERRANO. Mr. Chairman, I have no further questions.

Mr. ROGERS. All right.

Mr. Kolbe will be back in just a minute. Do you have a series of quick questions, Mr. Regula?

Mr. REGULA. Well, a couple, but I would like to submit some for the record, with your permission.

NORTH AMERICAN FREE TRADE AGREEMENT

I have one question. In your statement, speaking of NAFTA, you mention that it complements our efforts to protect the world environment and promote core labor standards overseas.

Ms. BARSHEFSKY. Yes.

Mr. REGULA. Now one of the great complaints I get from companies impacted by imports due to NAFTA, is that companies in Mexico do not meet the same environmental standards and they do not meet the same labor standards, which gives them a competitive advantage.

How do you square that with what you say NAFTA is doing?

Ms. BARSHEFSKY. I think that we have made some good progress under the NAFTA with respect to core labor standards and with respect to the environment but the situation is by no means perfect, and there is a huge amount of room for improvement as you well know.

On the labor side, of course, we have created the means by which parties can complain about certain labor practices, and we think that that process has worked at least with respect to some of the affected sectors.

On the environment side, we find we have the North American Development Bank up and running more fully, and we will see an increased funding of environmental clean-up projects, particularly along the border.

Mr. REGULA. Thank you. I will put the rest of my questions into the record.

Mr. ROGERS. Thank you, Mr. Regula.

Mr. Kolbe.

CARIBBEAN BASIN INITIATIVE

Mr. KOLBE. Thank you very much, Mr. Chairman.

Ambassador Barshefsky, along with Congressman Phil Crane, I have recently introduced legislation dealing with the Caribbean Basin Initiative issue to provide both short-term and some long-term trade enhancements for the region, and I know that the administration has its own version of this, but as far as I know, at this time that bill has not been introduced in either the House or the Senate, the administration's version. Is that correct?

Ms. BARSHEFSKY. I believe it is correct; is it not? Yes; that is correct.

Mr. KOLBE. Can you tell me, to the extent you know the administration's plans, what your specific plans for moving a Caribbean bill this year are going to be.

Do you know if the administration hopes to do it in conjunction with the supplemental appropriation bill, or separately from that, shortly after? Or what plans do you have?

Ms. BARSHEFSKY. I think the general thinking has been to try and move a CBI bill parallel with or shortly after the supplemental, but our understanding has been that the leadership would rather not see it on the supplemental itself.

As you may know, Chairman Roth of the Senate Finance Committee has been looking at the prospect of putting together a fairly large trade bill which would encompass trade negotiating authority, as well as CBI parity, the Africa legislation, GSP rollover, an extension of the Trade Adjustment Assistance Program, and so on and so forth. We are working with the committee and certainly would hope to see the committee move forward.

We also will be appearing before the Ways and Means Committee next week in the hopes that a bill can move through that process. So we are anxious to move that bill forward, and we are anxious, of course, to also move the Africa legislation forward, as well as trade negotiating authority and the other matters that have been pending for such a long time.

FAST TRACK LEGISLATION

Mr. KOLBE. I am also cosponsor of the legislation on Africa and obviously, when we get around to a fast-track authority bill, I would certainly be supportive of that, provided it's one that provides for meaningful negotiating authority for the President, that doesn't tie it to too many other issues. This is a discussion that you and I have had, and others in the administration have had, more than once.

Ms. BARSHEFSKY. Yes, many times.

Mr. KOLBE. But on the fast track thing, I'm interested to hear you say you're looking at ways in which you could move that. Because the statements I have heard that have come from, I believe, you, and certainly from the administration, have been that there's going to be no attempt to do anything unless there's a consensus that is developed on labor and environment.

Do you see any consensus developing?

Ms. BARSHEFSKY. Well, we say that a consensus needs to develop because I don't think a bill will pass without that kind of consensus. We have been working particularly with the Senate Finance Committee, inasmuch as they seem anxious to try and move the bill forward.

On the question of whether there is yet further common ground that could be reached among the various views on labor and environmental issues, I don't know if the committee, at the end of the day, will be amenable to altering its position from the bill that it had put out in 1997. We were very supportive of that bill and, you know, we're very supportive of the bill that the Ways and Means Committee put out in 1997.

But we do think, in light of what has happened to the Ways and Means bill, first in '97 and then again in '98, that if some stronger consensus or middle ground isn't found, the bill, or an approach embodied in that bill, as in the Senate bill, would fail again.

Mr. KOLBE. Some of us think a little leadership from downtown might help on that.

What kind of an impact is it going to have on you at Seattle without any kind of negotiating authority?

Ms. BARSHEFSKY. Well, no President has ever had the authority to conclude a Round that he has started. Ronald Reagan didn't have it for the Uruguay Round——

Mr. KOLBE. He had to come back.

Ms. BARSHEFSKY. He had to come back. You know, Carter had to come back to finish off the Tokyo Round and so on.

We would rather have it than not have it going into the Seattle Ministerial. I think there's no question about that. But we would not be out of line with the historic pattern, if you will, if we did not have it going into the ministerial.

WTO AND CHINA

Mr. KOLBE. I have one other question on WTO and China. As mentioned Premier Zhu Rongji is coming to Washington next month.

What is the likelihood, or can you give us any kind of probability that a WTO agreement will come out of that meeting?

Ms. BARSHEFSKY. I think we don't know. It's——

Mr. KOLBE. What I'm trying to get at, are you working feverishly to try to get it to that point?

Ms. BARSHEFSKY. Well, we've been working feverishly and pushing China feverishly for six years, but most particularly for about two-and-a-half. We meet with the Chinese every month, rain or shine, usually for one to two weeks at a time, every month, without exception, this past two-and-a-half plus years. So we have tried to keep the pressure on and tried to move the Chinese, and I think we've made some important progress.

I have done a lot of negotiating with the Chinese over these past six years, and in my experience, the hard decisions are leadership decisions. Once the leadership makes them, yes or no, that's the answer. Negotiations then move very, very quickly to conclusion.

If China decides no, it does not wish to go forward, well, it's not going to get into the WTO. If China decides they're willing to open up in financial services, they're willing to open up in distribution, they're willing to make tariff changes and so on, then I think they could move very, very quickly, because most of these decisions in China are imposed top-down.

Mr. KOLBE. I quite agree, and I quite agree with you that there has to be a commercially viable offer that they put on the table.

But given the internal situation, domestic situation in China, that doesn't look too likely, does it?

Ms. BARSHEFSKY. Well, I think there are a couple of different things going on. One is that the President has called for a new Round. China has said for many years it does not want a Round to proceed without it as a member of the WTO, or the bar will keep getting higher to their entry and they'll fall further behind. I think that lends a little impetus.

Number two, there's always the question of Taiwan. I think China is anxious that Taiwan not enter before it.

Third, Zhu Rongji has embarked, as you know, on a very ambitious reform program in China. But it is somewhat stalled. I believe that it may be possible that he, as many other world leaders in the past, could look to WTO accession as a means of imposing reform on China, getting around his own domestic politics, on the basis that this then becomes an international obligation of China to move forward.

So, despite the economic situation in China, which I agree is a complicating factor, there may be other reasons that might impel the leadership—and we don't know this for sure, of course—but that might impel the leadership to move forward to make the necessary concessions.

Mr. KOLBE. Thank you, Mr. Chairman.

MISSION IN GENEVA

Mr. ROGERS. Thank you, Mr. Kolbe.

On the mission in Geneva, the State Department tells us its officials don't have any recollection of a consultation with you about moving into their mission.

Ms. BARSHEFSKY. Oh, yes. We have had many consultations. I have not gotten involved in the consultations, but——

Mr. ROGERS. Please identify the person you are talking to?

Ms. BARSHEFSKY. I'm sorry. This is John Hopkins, our Administrator.

Mr. HOPKINS. Mr. Chairman, we have talked to staff in the Foreign Building Service, as part of the State Department.

Mr. ROGERS. Who are you talking to, so we can——

Mr. HOPKINS. I'll have to get the name of the person. I can't recall off the top of my head.

Mr. ROGERS. Well, you're not making too big an impression, I'll say that to you, because they don't even know you're talking to them.

Ms. BARSHEFSKY. Let me also add that Ambassador Rita Hayes, who heads our Geneva office, has also been talking with the State Department personnel in Geneva. We'll provide you with the names of people we have consulted.

[CLERK'S NOTE.—Subsequent to the hearing, the following information was provided:]

Several State Department employees, at different levels of the agency, have communicated with USTR employees about the possible move of USTR Offices from the Botanic Building to the U.S. Mission building in Geneva, Switzerland. As a general matter, these communications have been initiated by the State Department and have taken the form of telephone calls, cables, discussions at meetings, and memoranda and letters.

Recently, there have been two peak periods of such communication. First, in early 1995, when the State Department was downsizing U.S. presence in the Botanic Building, it invited USTR to relocate to the Mission Building. As part of this effort, State Department officials communicated with USTR employees in Geneva and in Washington. In Geneva, the State Department's Counselor for Administration at the U.S. Mission in Geneva, Ronald Rabens, communicated directly with USTR's Deputy Chief of Mission in Geneva, Andrew Stoler. In Washington, D.C., the State Department's Deputy Assistant Secretary for Foreign Buildings, Jerry Tolson, called, visited and wrote to USTR's Assistant U.S. Trade Representative for Administration, John Hopkins, inviting and encouraging USTR to move to the U.S. Mission Building. This communication included a letter from the USTR Chief of Staff, Peter Scher, to the State Department Under Secretary for Management, Richard Moose in March 1995.

More recently, beginning in 1998 and continuing in 1999, several State Department officials have communicated with USTR employees on the general topic of physical security, which has included communication on the possibility of relocating USTR's Geneva Office from the Botanic Building to the State Department Mission Building. Most of this communication has involved USTR's Geneva Office staff. A summary follows:

Communications between State Department Officials and USTR Geneva Office Employees

August 20, 1998: The State Department Mission Administration Counselor in Geneva, Warrington E. Brown, visited USTR to discuss security at the Botanic Building and State's responsibilities, including the possibility of relocating USTR to the State Mission Building. USTR's Geneva Office Deputy, Ambassador Rita Hayes, attended the meeting, together with USTR's Geneva Office Administrative Officer, Elizabeth Faulkner.

August 20, 1998: The Geneva Mission Emergency Action Committee met at the State Mission Building to discuss security for both Missions, and the possible relocation of USTR to the State Mission Building. USTR's Geneva Office Administrative Officer, Elizabeth Faulkner, attended, representing USTR.

November 4, 1998: The State Department Mission Administration Counselor, Warrington E. Brown, met with USTR's Geneva office Deputy, Rita Hayes, to discuss security and a possible USTR move to the State Mission Building.

February 16, 1999: Three State Department officials met with USTR to discuss a redesign of office space at the U.S. Mission Building in Geneva in order to accommodate USTR employees and operations within the Mission Building. These State Department officials were: Ronald Tomasso and Laura Rogers, office space planners from the State Department's Office of the Deputy Assistant Secretary for Foreign Buildings Operations in Washington, D.C., and Robert Hurlbert, the State Department General Services Officer in Geneva. These officials met with USTR's Geneva Office Administrative Officer, Elizabeth Faulkner. Ms. Faulkner later briefed USTR's Geneva Office Deputy, Ambassador Rita Hayes, and USTR's Deputy Chief of Mission, Andrew Stoler, on the meeting.

February 19, 1999: The State Department invited USTR Geneva Office employees to a meeting in the U.S. Mission Building to discuss the initial report of State's space planners. State Department officials attending this meeting included: Ambassador George Moose and Warrington Brown. USTR officials attending were Deputy Chief of Mission, Andrew Stoler, and Geneva Office Administrative Officer, Elizabeth Faulkner. Also attending were Department of Agriculture Minister Counselor, Ken Roberts, and representatives of the other Federal agencies. The discussion revolved around the extent to which the Mission Building, after the review by the State Department space planners, had sufficient space to accommodate USTR. The space planners reported that, based on their preliminary assessment, the State Mission Building did not have sufficient space to house USTR operations.

Communications between State Department Officials and USTR Washington Office Employees

Two State Department employees, on different occasions in January or February 1999, called USTR's Assistant U.S. Trade Representative for Administration, John Hopkins, to alert USTR that a team of State Department space planners would be traveling to Geneva to examine office space at both the U.S. Mission Building and in the USTR-occupied space at the Botanic Building. This review would occur during the week of February 16, 1999. The purpose of this review was to ascertain whether there was adequate space at the U.S. Mission to relocate and house USTR employees and operations in the Mission. These two State Department employees were:

Waide Egener and Ronald Tomasso of the State Department's Office of the Deputy Assistant Secretary for Foreign Buildings Operations.

U.S. TRADE DEFICIT

Mr. ROGERS. Last year the U.S. recorded the largest trade deficit in history, $169 billion. The deficit was the largest with Japan at $64 billion, the second largest was China at $56 billion, a 15 percent increase from previous years.

Year after year we hear how progress is being made in opening the markets of Japan and China to U.S. goods. Unfortunately, that progress is obviously not reflected in the statistics.

What evidence is there that the approach that has been taken over the past several years, negotiating item by item on opening markets in Japan and China, will at any time in the near future alter the fundamental imbalance in our trade relationship with Japan and China?

Ms. BARSHEFSKY. Let me first go through some numbers with you. As I said earlier, over the last six years our exports have increased by 51 percent. To our NAFTA partners, our exports are up almost 80 percent, and to Mexico, 95 percent, Canada, 73 percent. To the rest of Latin America, 80 percent.

Our exports to Japan are up 21 percent, and to China, 92 percent. But that's off of a very small base. To the rest of the Pacific Rim, up 37 percent. To Europe, up 39 percent.

I look at our export performance as one indicator of the success of individual trade policy initiatives. Trade policy isn't the only reason our exports are going up. Exchange rates, other factors, obviously are absolutely critical. But we know in areas in which we negotiate sectoral agreements our market access improves, and that means more exports for the industries in that sector.

With respect to the overall trade deficit, the trade deficits are largely a function of macroeconomic factors. Our growth rate is much higher than that of our major trading partners, and now, 40 percent of the world is in recession, deep recession, buying less and less of our goods.

Trade policy won't really affect those macroeconomic balances much. The numbers are too big and the forces are much larger than any individual country sectoral practice. But that is why we're extremely pleased with our export performance.

Now, our export performance in this past year has been anemic, and that is because countries in deep recession can't afford to buy what we sell. But we are still, even despite that, doing remarkably well.

Mr. ROGERS. We have a vote on the floor—two votes, in fact. I think we can be back in just a few minutes. So we will stand in short recess.

[Recess.]

Mr. ROGERS. The committee will be in order.

You yourself have quoted the statistics that, since we opened Most Favored Nation status with China in 1980, our exports to China have only grown by $9 billion, which is barely half of the export growth to Taiwan, and less than a quarter of our $39 billion in export growth to the ASEAN countries.

Ms. BARSHEFSKY. Yes.

U.S. EXPORTATION TO CHINA

Mr. ROGERS. The fact of the matter is that there is not a great deal to show for our solicitousness of China, except for a growing one billion dollar a week trade deficit. Isn't that really the reality of the situation?

Ms. BARSHEFSKY. I'm not happy with our export performance to China. On the other hand, I don't think we've been solicitous of China in the trade realm. We have gone to the brink of trade war twice with China on intellectual property rights and one on textiles.

I think this is one of the reasons that WTO accession would be important; that is to say, broad market opening on the part of China is absolutely critical. But I certainly agree with you, that our export performance to China is absolutely anemic and doesn't rise to the level that it should for a country of that size and for an economy of that size.

WORLD TRADE ORGANIZATION MINISTERIAL IN SEATTLE, WASHINGTON

Mr. ROGERS. From November 30th to December 3rd, the U.S. is hosting a World Trade Organization ministerial conference in Seattle, following the President's invitation. Give us a preview of what you expect to happen during those four days.

Ms. BARSHEFSKY. Well, this will be the largest trade event that has ever been held in the U.S. The U.S. is hosting it and I am chairing it. It is the ministerial at which the global trade agenda for probably the first decade of the next century will be outlined. That is to say, the areas for negotiation, the areas for a further work program in matters that may not yet be ripe for negotiation, institutional reform of the WTO itself, and so on.

We would anticipate a negotiating agenda in the context of a new Round that would be very broad and that could address many, many outstanding issues we have from the Uruguay Round—for example, in agriculture—as well as potentially newer issues, such as newer forms of needed IPR protection.

Mr. ROGERS. As of now, the one appropriation issue that we have in regard to that is a $2 million request by the State Department, with no request in your budget. Do you expect most of the cost to be picked up by Seattle?

Ms. BARSHEFSKY. Well, we do expect certainly by far the bulk of the course to be funded by Seattle, meaning some combination of the Seattle host committee, the State legislature, the City of Seattle, the Governor's office and so on.

Mr. ROGERS. But you're not expecting any other Federal funds to be required, are you?

Ms. BARSHEFSKY. Well, what we're doing now—the State Department does have a request for $2 million in its budget for this. We think we may face some additional funding requirements in FY '99, and we're working with the administration, with the State Department and OMB, to define those requirements and to establish a plan for getting the resources that we might need.

Mr. ROGERS. What agency would be asked to pick that up?

Ms. BARSHEFSKY. Well, this is why we're working with OMB. We're not yet entirely sure, and we would want to stay in touch with the committee on this.

If I might, let me just highlight a few costs that we may expect this year. For example, we need to reserve rooms for the U.S. delegation, so a deposit has to be made.

Mr. ROGERS. We can talk about that at another time. Why don't you submit that for the record.

Ms. BARSHEFSKY. Okay, fine. Thank you very much.

[CLERK'S NOTE.—Subsequent to the hearing, the following information was provided:]

As the United States prepares to host the World Trade Organization Ministerial to be held in Seattle, Washington from November 30–December 3, 1999, USTR will face additional costs this fiscal year that are well beyond the limits of its appropriation. While most of the expenses will be the responsibility of the host city there are costs that are relevant to the USG's role in planning and chairing this event. We have identified the following FY 1999 costs that will need to be funded: (1) logistical preparations in Seattle consisting of deposit needed to reserve rooms for the event, the services of a professional conference design and logistics contractor, and staff logistical preparations including travel to Seattle and the WTO in Geneva to negotiate areas like conference security, press and finance; (2) international travel necessary to participate in worldwide negotiations for framing issues and finalizing Ministerial text including ten WTO General Council sessions planned between now and July as well as several worldwide economic and trade events through September; and (3) public awareness and outreach to open a dialogue within American communities on the goals and benefits of trade.

PUBLIC ACCESSIBILITY TO WTO

Mr. ROGERS. Now, the WTO, by its very nature, rouses suspicions because you have an international body making decisions that directly affect U.S. trade policy. One of the issues that affects how the WTO is viewed is how open and transparent the proceedings are. I think everyone is in agreement that WTO needs to be made more open and accessible, and you say so in your statement.

Exactly what steps is it your position WTO needs to take to open up, and under what timetable?

Ms. BARSHEFSKY. There are a couple of different areas. We would like to reach agreement this year, in 1999, on the further derestriction of documents. There are too many documents that are restricted, in terms of their availability to the public, and we believe most could be and should be made readily available to the public.

We would like, even in this year, to get further opening in the dispute settlement process. A member of the public can walk into any hearing room in the Capitol and sit in the back of the room quietly and listen. You can walk into any courtroom in the United States, even at the lowest local level, sit in the back of the room and listen. This is true mostly around the world—not entirely, but mostly.

You can't do that in WTO dispute settlement. It's all on the record; there aren't any "winks and nods". Well, why can't the public then quietly sit in the back of the room and observe? That kind of change would be very important.

We want to ensure the rights of organizations to file amicus briefs. That, we think, is also very important and helps to lend con-

fidence to the system. So there are a variety of changes we would like to see instituted this year. If we don't make it this year, we are going to absolutely continue to push, because it's critical that these international institutions, whether it's the WTO or other such institutions, be open to public scrutiny. It's absolutely critical.

Mr. ROGERS. Ms. Roybal-Allard.

Ms. ROYBAL-ALLARD. Thank you, Mr. Chairman.

CARIBBEAN BASIN INITIATIVE

My question has to do with the Caribbean Basin Initiative, which is something that the administration has been pushing for in the last Congress.

One of the concerns that I have is that this initiative really has a detrimental effect on low-wage garment workers, and textile workers in particular. Since 1994, it is my understanding that there has been approximately a loss of one-quarter million apparel workers, or jobs, in the United States.

Given the loss of these jobs, and the fact that these jobs are primarily jobs that women and minorities have, could you help me to understand what the rationale is behind the support of this?

Secondly, have you analyzed the impact of the CBI on the domestic garment and textile industry, especially as it impacts low-income wage earners.

Ms. BARSHEFSKY. Well, the administration will be putting forward a proposal on CBI to somewhat narrow its scope from previous versions of the bill, to take into account the concerns that many Members have had, including the concerns you have expressed, that the bill could cause additional damage to our textile workers.

The bill envisioned by the administration would require the use of U.S. fabric, which would be sent to Caribbean nations, formed into garments and sent back to the U.S. Currently, of course, the Caribbean can bring in fabric from China or anywhere else it might wish, but under the bill, if they wished to receive special benefits here, they have to use U.S. fabric. We think that will mitigate very substantially any adverse impact from the bill.

It is the way in which generally we have proceeded in textiles with Mexico, allowing Mexico to overtake China and other nations as a cheap apparel importer to the United States. So to the extent we're displacing other foreign sources with at a minimum U.S. fabric used in the manufacture of garments that are then sold here, we think that we're shifting trade in a very positive direction from the point of view of our workers.

Ms. ROYBAL-ALLARD. With this shift in the direction of the CBI, are you going to be doing an analysis as to what impact it will have with these changes?

Ms. BARSHEFSKY. Yes. Let me check to see if such an analysis has already been done. If not, certainly we can request the ITC to do such an analysis.

CAIP PROGRAM

Ms. ROYBAL-ALLARD. Also with regards to NAFTA and the NAD Bank, under the NAD Bank there was a program, the CAIP program, which was intended to help American companies and work-

ers that were negatively impacted by NAFTA. As a result of NAFTA, I believe there were approximately 125,000 jobs lost here in this country.

One of the things that I am hearing is that many of the companies and people that have been negatively impacted are extremely frustrated because they're not getting the help and assistance that was promised them if they were, in fact, going to be negatively impacted as a result of NAFTA.

I would like to know, first of all, just how many direct loans actually have come out of the CAIP program.

Ms. BARSHEFSKY. The numbers that I have are aggregate numbers. Let me give you at least some aggregate numbers, but then I will have to go back on the specific program you're asking about, which I don't have.

The numbers that I have relate to NAD Bank's principal function, which is to fund especially environmental cleanup programs at the border. On that, I am pleased to say that NAD Bank has finally gotten off the ground. I think we were slow in that and we should not have been slow in that, as you have pointed out many times.

I can give you those numbers. I don't have specific numbers on the program you cited, but I am pleased to provide those to you.

Ms. ROYBAL-ALLARD. Okay. Given the number of jobs that have been lost, my understanding is that the number is still very, very low.

Ms. BARSHEFSKY. Let me look into that, if I might provide those to you.

Ms. ROYBAL-ALLARD. Also, one of the issues of the CAIP funds has been that the regulations in order to qualify for the program are very stringent, so a lot of the companies of the people that need the help the most aren't able to get it.

Has there been any thought of looking at these regulations to see if they can be adjusted in such a way that it could reach more and more of the companies?

Ms. BARSHEFSKY. I will also need to look at that. I know, generally speaking—and I'm now not talking about this particular program—but, with respect to our Trade Adjustment program, our Dislocated Worker Assistance programs, which the Labor Department runs, there has long been a concern on whether the workers are aware these programs are available, a concern about the amount of time it takes to get benefits under the programs, concern about the question whether the training or retraining is required or not required, and if so, how does one go about getting it. So, with your permission, I would like to provide you a review of that whole situation and the administration plan in that regard as well.

Ms. ROYBAL-ALLARD. My understanding is that, to date, CAIP has only approved one loan, at least in California, in Watsonville.

Ms. BARSHEFSKY. I will look at that.

Ms. ROYBAL-ALLARD. Thank you, Mr. Chairman.

Mr. ROGERS. Thank you.

Mr. Serrano.

Mr. SERRANO. One quick question.

Do you anticipate—I know this is somewhat of a strange question—but do you anticipate that the administration will not ap-

prove entry to the Seattle meeting of any delegates from any countries we're not friendly with?

Ms. BARSHEFSKY. Is this a Cuba question? [Laughter.]

Mr. SERRANO. No, it's an Iraq question. Is Iraq a member?

Ms. BARSHEFSKY. Let me think about that. Is Iraq a member?

Mr. SERRANO. Then it's a Cuba question.

Ms. BARSHEFSKY. I suspect Iraq is a member of the WTO. That would be my guess. That would be my guess. Certainly Cuba is, as you know.

I can't answer your question, but I would be pleased to consult with the State Department and others and respond.

Mr. SERRANO. I suspect that there might be congressional and other pressures to keep certain countries out. We tried it at the UN, we tried it at the Olympics, we try it on a daily basis.

I would hope that the Administration's position is that, if it's truly a World Trade Organization and we're the host country, then everybody comes and we abide by their rules.

My second question is, do you think it would jeopardize the WTO holding their meeting here, that perhaps other countries would boycott? I mean, we have to look at that whole picture.

Ms. BARSHEFSKY. I think the whole picture needs to be looked at. I can't answer the question on whether it would jeopardize the meeting, though I suspect some countries may protest.

Mr. SERRANO. Thank you, Mr. Chairman.

IMPORTATION OF BANANAS

Mr. ROGERS. Let me ask you about bananas.

Ms. BARSHEFSKY. Yes, sir.

Mr. ROGERS. "Yes, we have no bananas."

The European Union is refusing to abide by WTO decisions regarding imports of bananas. We have imposed a half billion dollar tariff on European goods to rectify that.

Where do we stand?

Ms. BARSHEFSKY. We are in the process now of arbitrating the precise amount of damage with Europe, which is Europe's right, and the arbitrators should rule fairly soon.

In the meantime, however, we have used a number that we came up with, which was about $520 million, and we have what is called "suspended liquidation" on that amount, with the goods that we had previously indicated would be affected. That means that importers become contingently liable for a 100 percent duty on the value of the goods—in other words, a doubling of the price of the goods. The importers currently must post bond to cover that potential duty liability.

Once the arbitrators rule, we will utilize the number that they establish as the amount of trade damage, and we will, on the basis of that number, then, in fact, begin collecting duties. By "we", I mean the Customs Service, will begin collecting the duties, as opposed to simply the bond requirement.

Mr. ROGERS. Is this the first major test of the WTO's ability to enforce its mandates?

Ms. BARSHEFSKY. Well, it's the first time, that we know of, that a country has absolutely refused to comply. There are 180 or so cases pending in the WTO, perhaps 160 cases pending in the WTO.

We don't know of any other situation, and we have not been faced by any other country, with the situation where a country won't comply.

Normally, if a country loses, they either comply outright, or they negotiate with the winning party a compliance program. When we've lost, we have negotiated out a compliance program with the winning party.

Europe, for 20 months, has refused to negotiate with us. We have just belatedly begun talks with Europe. They finally acceded to our request to negotiate a compliance plan and a solution. But the talks are in their infancy and, indeed, the Commission itself does not have a negotiating mandate from the member states, which it would need to conclude any kind of arrangement.

So we are proceeding under our rights in the WTO to the action that we have currently taken.

Mr. ROGERS. How likely is it that it will be mutually resolved, do you think?

Ms. BARSHEFSKY. I think the odds are long at the present time, unless Europe steps up to the plate and agrees they will comply, which is what they should be doing.

Mr. ROGERS. Is this the first test of WTO's ability to——

Ms. BARSHEFSKY. I think it is an unfortunate case, but we have been successful in about 21 or 22—we've been successful in 19 of 22 cases that we have brought. We have never had a compliance problem, not in any of them. So I think the system generally works very well, and in quite an advantageous manner from our point of view.

But, if Europe decides in its first loss—this is Europe's first loss—that it won't comply, if we don't put our foot down, the message we would be sending to other countries is, "Oh, you don't have to comply, either." That's unacceptable.

Mr. ROGERS. Thanks for your testimony. I'm sorry we were interrupted briefly there.

Ms. BARSHEFSKY. No problem.

Mr. ROGERS. Good luck to you. If we can be of help, let us know. unfortunately, we're short of money this year. Have you heard that before?

Ms. BARSHEFSKY. I've heard it before, but we only need a very tiny bit.

Thank you very much, Mr. Chairman.

Mr. ROGERS. Thank you.

The committee is adjourned.

CJSJ Appropriations Subcommittee
Hearing on USTR FY2000 Budget Request
Questions for the Record: Representative Charles H. Taylor

Question 1: Madame Trade Representative, in October of last year, I wrote to you and the Secretary of Agriculture regarding the problems being faced by apple growers in my district because of apple juice concentrate imports from China. I'm aware that an industry coalition group is presently considering filing an antidumping petition with the International Trade Administration (ITA) of the Department of Commerce about these Chinese juice imports, and I believe the apple growers in my district would welcome this. Recognizing that this is primarily an issue for the ITA, is there anything that you can do as Trade Representative to address the issue of Chinese apple juice concentrate imports?

Answer 1:

We would like to assure you that the Administration is currently seeking to expand U.S. access to the Chinese market for beverages containing apple juice. USTR negotiators are presently in Beijing meeting with trade officials on specific commitments that China must make to achieve a commercially meaningful WTO market access package. Obtaining lower tariffs for beverages containing apple juice is a priority for USTR in these negotiations, and we will continue to press China on tariff reductions for a wide range of agricultural products including beverages containing apple juice as these negotiations proceed.

Question 2: It has also been brought to my attention that China is seeking permission to begin exporting its raw apples into United States markets. I find this particularly troubling, since U.S. apple growers are now only permitted to export Red Delicious and Golden Delicious varieties to China, and that the tariffs in place for these apples are so high that Chinese consumers cannot afford to purchase them. It's a bit disingenuous, therefore, to say that Chinese markets are open to U.S. apples. What is the Trade Representative's office doing to address the issue of apple exports and imports with China, to establish some equity?

Answer 2:

Although domestic apple production in China has grown dramatically over the past decade, we believe that there is a large and growing niche for high-quality U.S. apples. For this reason, the USG successfully negotiated to open the Chinese market for two varieties of apples from Washington, Oregon, and Idaho, and is aggressively working to expand access to that market for other varieties. We are also trying to eliminate phytosanitary barriers for our apple exports to China and negotiate lower tariffs for apples in the context of China's WTO accession. Because of concern over the Mediterranean Fruit Fly, China only permits the importation of fresh Red and Golden Delicious apples from these states. In September 1998, the Animal and Plant Health Inspection Service of the U.S. Department of Agriculture (USDA) met with the Chinese to

discuss a range of phytosanitary issues including apples. USDA proposed a plan to address their phytosanitary concerns and is now awaiting China's response. Presently, China is not permitted access to the U.S. market for apples. The U.S. is in the initial stages of conducting a pest risk assessment.

Question 3: Another industry that is extremely important to the State of North Carolina is the furniture manufacturing industry. Increasingly, some manufacturers are finding it cheaper and easier to import wood and furniture parts from China, rather than using U.S. lumber. What is the volume of Chinese lumber and furniture parts into the U.S.? How much does the U.S. export to China in return?

Answer 3:

As defined in the tariff schedule, lumber is in essence found in HS 4407. US exports of lumber to China (1998 figures) were valued at $15.3 million, whereas imports from China were valued at $1.1 million. If you look at the universe of lumber and solid wood products, total U.S. exports to China for 1998 were $40.6 million; imports from China for all lumber and solid wood products were $459.2 million.

Imports from China were $126.1 million and exports to China were $3.6 million.

Questions for the Record from
Congressman Ralph Regula
Ambassador Barshefsky
Budget Hearing on March 17, 1999

Question 1: In your testimony you stated that you are taking specific steps to ensure that U.S. trade policy complements our efforts to protect the world environment and promote core labor standards in other nations. With respect to the NAFTA, what specific steps are you taking to encourage the protection of the environment and the promotion of core labor standards and what is your timetable for seeing definite results? There are several companies in my area that are at a competitive disadvantage with respect to several Mexican enterprises because the Mexican companies do not have to meet the same environmental and labor requirements as we require here in the United States. When can these companies expect to see a more level playing field?

Answer 1:

We have taken every opportunity with our NAFTA partners to discuss the need to redouble our efforts to protect the environment and promote core labor standards in our countries. Most recently, we raised the issue at the NAFTA Free Trade Commission meeting in Ottawa, which took place just last month among the Trade Ministers for the three countries. Of course, we are not alone in these efforts. Our Secretary of Labor and our Administrator of the EPA have also been working closely with their colleagues in Mexico and Canada for the last five years to implement the goals of the side agreements on labor and the environment, to improve the quality of life and the working conditions of all our citizens. Administration officials at all levels have participated in what has become an impressive list of cooperative activities.

For example, the program of work for the Council of Environmental Cooperation (CEC), approved in 1998 by the environment ministers, includes approximately fifty cooperative projects. The projects cover a wide range of areas, including the development of regional action plans for the sound management of chemicals, preparation of studies on the protection of migratory birds, harmonization of information from national toxic substance inventories, development of pilot projects for the reduction of greenhouse gas emissions, preparation of studies on the long-range transport of air pollutants, and so forth. Furthermore, under the trilateral work program of the NAFTA the Pesticides Technical Working Group has been pursuing efforts with success to address the burden to both governments and industry in regards pesticide regulatory matters, while at the same time ensuring the protection of the environment.

Consistent with the Administration's efforts to promote international core labor standards and respect for fundamental rights of workers on a global basis, we have sought to improve working conditions and living standards through our participation in the North American Agreement on Labor Cooperation (NAALC), the NAFTA supplemental labor agreement. The NAALC helps to ensure that labor laws are being enforced in all three NAFTA countries. It promotes a better understanding by the public of labor laws, and enhances transparency of enforcement.

Formal institutions and mechanisms have been established under the NAALC to implement its objectives, including an international Secretariat and domestic National Administrative Offices (NAOs). The Agreement has led to unprecedented levels of cooperation on key labor issues, including action plans to address specific complaints and over forty trilateral activities for information and best practice exchanges, training, and technical assistance.

The NAALC mechanism for the review of public submissions alleging the failure of a NAFTA Party to enforce its labor law has led to thirteen reviews by the U.S. NAO. The NAO has reported on problems in Mexico concerning control of labor tribunals by the country's officially-aligned unions, gender discrimination in employment, and safety and health enforcement. These reviews have led to consultations at the highest level of government and have already led to concrete results on labor rights.

For example, a recent review of a submission alleging employment discrimination against workers on the basis of pregnancy led to the government of Mexico clarifying the protection available under its law and committing to undertake significant outreach, education, and enforcement efforts to ensure that workers are aware of their rights under the law and are able to assert those rights in the appropriate labor arenas. This case was significant because initially Mexico denied the extent of the problem and indicated that workers were not entitled to any protection under the law in pre-employment instances. After review by the U.S. NAO and consultations between Secretary Alexis M. Herman and her counterpart, Mexico stated that workers were indeed entitled to protection under the law and committed resources to enforcing those protections. Part of that effort will involve education sessions along the U.S.-Mexico border on women's rights in the workplace to be held this summer.

As for the firms who believe there has been a persistent pattern of failure by a Party to effectively enforce its labor or environmental laws, the companies have a right to file a submission pursuant to the side agreements (with the NAO or the CEC, as appropriate) on such matters. Information on this opportunity is available from the NAO and the CEC. Please feel free to inform your constituents that they can inquire with both these institutions in this regard.

Contact information:

Commission for Environmental Cooperation
393 St. Jacques West, Suite 200
Montréal, Québec H2Y 1N9
Canada
Tel: (514) 350-4300, fax (514) 350-4314, home page: www.cec.org

U.S. National Administrative Office (NAO)
Bureau of International Labor Affairs, U.S. Department of Labor
200 Constitution Avenue, NW, Room C-4327
Washington, DC 20210
Tel: (202) 501-6653; fax: (202) 501-6615, home page:
http://www.dol.gov/dol/ilab/public/programs/nao/main.htm

Question 2: In view of the recent surge of unfair steel imports, which occurred during a period of strong economic expansion in the U.S., and has negatively impacted the highly productive and competitive U.S. steel industry, do you see a need for some changes in our trade policy or in our U.S. trade laws, to prevent this type of situation from happening again in the future?

Answer 2:

The surge in U.S. steel imports from April through November 1998 was a result of a sharp and sudden drop in demand for steel in Asia, coupled with substantial steel overcapacity in Russia. These factors combined to depress global steel prices globally and in the United States.

Proceedings initiated by the U.S. industry under our trade laws, and actions taken by the Administration under the President's steel action plan, outlined in the January 7 report to the Congress, have substantially rolled back imports of unfairly traded steel. As part of the President's action plan, the Commerce Department acted swiftly and effectively to apply our antidumping law to unfairly traded steel imports. The Commerce Department's preliminary antidumping remedies took effect in a matter of weeks after the initiation of the antidumping investigation against carbon flat rolled steel imports from Japan and Russia. Within two months after the Commerce Department initiated its investigation imports of this product from Japan and Russia had virtually stopped.

As a result, in the first quarter of 1999 steel imports were 7 million metric tons, which was at or below 1997 and 1998 import levels for the comparable period. Recovery in the U.S. market is underway, with industry order books reportedly full, and prices moving up. Continued recovery will depend on maintaining 1999 imports at more traditional levels, and, to that end, the Administration is closely monitoring steel imports, making steel import statistics available to the public on an expedited basis, and consulting intensively with steel exporting countries.

While our trade laws provided a mechanism for rapid and substantial relief for the U.S. steel industry, last year's import surge demonstrated that we need to look closely at these laws to ensure that they deliver strong and effective relief in an expeditious manner, while remaining consistent with our international trade obligations. We believe the legislation introduced in the House by Congressmen Levin and Houghton constitutes a constructive approach to this issue, and we stand ready to work with Members of Congress to develop a bill we can recommend that the President sign.

In contrast, legislation mandating steel import quotas would not be in our nation's economic interest and would violate our international trade commitments. Quotas imposed outside the procedures provided in our trade laws (such as our "section 201" safeguards law or the quota suspension agreement provisions in our antidumping and countervailing duty laws) would violate our international trade obligations under the World Trade Organization. We fought hard to put strong rules in place under the WTO – not only to ensure that we can use our trade laws against import surges and unfairly traded imports but also to protect our exporting industries and workers from arbitrary or protectionist import restrictions abroad.

Quotas that are legislated outside of our trade laws could prompt retaliation against export oriented U.S. steel-using industries, such as autos and machinery, or against other industries such as agriculture that rely on a strong, rules-based trading system. In addition, legislated quotas could have the unintended effect of creating shortages and excessively high prices for steel products with effects that could reverberate throughout the U.S. economy and undermine our nation's economic growth.

Question 3: The goods and services trade deficit in 1998 increased dramatically to $168.6 billion – up from $110.2 billion in 1997. Within this total, the trade deficit with China increased from $49.7 billion in 1997 to $56.9 billion in 1998. China exported $71.2 billion worth of toys, telecommunications equipment, computers and other goods to the U.S., while the U.S. shipped just $14.3 billion worth of goods and services to China. Should we be concerned about this dramatic increase in the overall trade deficit in 1998? And what is our government doing to ensure access to the Chinese market to address the imbalance in trade between our two nations?

Answer 3:

The increasing trade deficit is a matter of concern to the United States primarily because it demonstrates the lack of market access opportunities for U.S. exporters of goods and services. U.S. exports of goods and services face an extensive array of trade barriers in China. Because the WTO covers the broad range of trade barriers covering goods and services, the United States has engaged in intensive negotiations with China on the terms of its accession to the WTO as the best and most comprehensive way of addressing those barriers.

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In April, the Administration was able to make substantial progress on our bilateral WTO accession negotiations in the area of market access on the occasion of the Premier Zhu Rongji visit to the United States. Despite the substantial progress, differences remain in key areas of banking, securities, audio visual services and textiles. In addition, we have not fully resolved all concerns relating to key protocol issues affecting trade remedies under antidumping and safeguard measures. We hope to engage with China soon to resolve these concerns so that WTO working party members can begin to resolve important protocol issues relating to China's implementation of WTO rules.

CJSJ Appropriations Subcommittee
Hearing on USTR FY2000 Budget Request
Questions for the Record: Representative Tom Latham

Question 1: Last year, I was in Geneva and had the opportunity to speak with our representative at the World Trade Organization, Ambassador Rita Hayes. However, I must say I was somewhat disappointed in finding out that agricultural trade didn't seem to be on her radar screen.

- **What trade, specifically, is our representative to the WTO charged with promoting, and are agricultural products excluded?**

Answer 1:

Agriculture is an integral part of the U.S. Mission to the WTO both in terms of physical presence, with the Foreign Agriculture Service co-located with USTR in Geneva, and the prominence agriculture plays in daily work undertaken by Ambassador Hayes and her staff. Whether in dispute settlement proceedings or preparations for the forthcoming multilateral negotiations, agricultural interests are among the most prominant. For example, one-third of the disputes the US has brought to the WTO involve agricultural products and Ambassador Hayes has been personally engaged in each. As for preparatory work for the next round of negotiations, she has placed agriculture and services first and foremost in advancing the items included in the built-in agenda.

Ambassador Hayes has been a friend of agriculture by meeting with and responding to dozens of visiting agriculture industry groups, traveling outside Switzerland to countries such as Turkey to pursue U.S. agriculture export interests, and providing the fullest support and cooperation to USDA's trade policy and market development initiatives in Geneva. In underlining the importance Ambassador Hayes has personally placed on agriculture, the first formal meeting she attended after arriving in Geneva was the Committee on Agriculture. She has continued in that spirit as an indisputable record will show.

Question 2: As you know, back in February, the European Union announced it would challenge the American use of Section 301 sanctions on the basis that it is a unilateral act within the multilateral WTO framework.

- **Would you please share your thoughts on this and what actions the Administration is taking in response to the action brought forth by the EU?**

Answer 2:

On March 2, 1999, the WTO Dispute Settlement Body (DSB) established a panel, at the request of the European Community (EC), to review sections 301-310 of the Trade Act of 1974, as

amended. The EC claims that section 301 violates: (1) the Dispute Settlement Understanding (DSU) by not requiring USTR to seek recourse to the expedited dispute settlement process in Article 21.5 if USTR considers that a member may not have implemented panel/Appellate Body recommendations; and (2) the GATT by breaching U.S. obligations with respect to MFN, tariff concessions, national treatment, importation fees and formalities, and quantitative restrictions.

The EC's allegations are based on an incorrect reading of the WTO Dispute Settlement Understanding and Section 301. Section 301 time frames enable us to use the WTO procedures that provide Members with the right to suspend concessions if another Member does not implement the results of a WTO dispute. The U.S. law does not mandate that we violate WTO rules. The EC's dispute against section 301 will not deter our resolve to use section 301 or exercise our WTO rights where appropriate. We are currently exercising these rights in the *EC-Bananas* dispute. We also have taken the initial steps to exercise our WTO rights in the *EC-Hormones* dispute with the announcement on March 22, 1999 of a preliminary list of products that could be subject to increased duties if the EC does not implement the results of that dispute or otherwise reach a negotiated solution by May 13, 1999 (the end of the WTO-mandated reasonable period of time).

The timing and purpose of the EC's requests are directly related to the *EC-Bananas* dispute and the EC's incorrect view that the U.S. cannot exercise its right to suspend concessions until yet another panel determines that the EC banana regime is not in compliance with its WTO obligations. The best way to ensure that section 301 is found to be in compliance with the U.S. WTO obligations is for the United States to participate fully in the dispute even though USTR believes the EC's dispute against section 301 is frivolous and motivated by the EC's opposition to the United States legitimate use of the WTO dispute settlement process to suspend concessions against the EC.

Question 3: Obviously it was somewhat of a shock to hear that all twenty EU Commissioners resigned simultaneously the other day.

- **How do you see this impacting trade with the EU and the market's confidence in it as a world trade leader?**
- **Do you see this affecting any of the EU's actual trade policies as opposed to ethics policies?**

Answer 3:

The resignation of EU Commission President Jacques Santer and the entire Commission, while a dramatic political event, is unlikely to have a major impact on US-EU trade or alter the market's perception of the EU as a leading player on global trade.

Though the EU Commission is now a "caretaker" body, the EU's existing trade policies, and mechanisms to implement these policies, remain in place. As such, we fully expect that virtually all bilateral commercial activity will proceed without any substantial changes. Likewise, we do not foresee that the Commission's resignation will alter market expectations about EU policies in a substantive manner.

As for the impact on EU trade policy, though the caretaker Commission will not launch "new initiatives," we expect most of our ongoing bilateral trade policy consultations will continue as usual. It is also important to keep in mind that only a small fraction of our trade with the EU is subject to ongoing dispute consultations.

Question 4: I recently saw the European commissioner of Agriculture and Rural Development, Mr. Franz Fischler's, response to the Secretary Glickman's comments on the new EU Common Agriculture Policy, known as CAP.

- **Secretary Glickman stated that he thought the EU reforms were "not much more than maintaining the status quo".**
- **Commissioner Fischler dismissed the Secretary's comments as incredible and regrettable.**
- **As a Member from a farm state, these and other developments in the US-EU agricultural trade relationship deeply concern me. This relationship is severely strained and I am fearful of contemplating where we are headed.**
    - **Do you, or Peter Scher, have any plan on how to make progress in US-EU agricultural trade relations?**

Answer 4:

The U.S. Trade Representative is working on a number of fronts to improve US-European Union (EU) agricultural trade relations while working to ensure that U.S. farmers and ranchers are able to compete on a level playing field against European producers. For over 30 years, the EU's highly managed farm policy has been at odds with U.S. market oriented farm policies resulting in a number of trade problems that we are addressing in bilateral and multilateral fora.

The Transatlantic Economic Partnership (TEP) is designed to improve coordination on a wide array of US-EU trade issues. Related to agriculture, our focus is to work cooperatively to ensure that biotechnology agricultural products have a market in Europe. The TEP also is intended to promote scientific and technical exchanges in the area of animal and plant health. In both of these areas, we hope that the TEP will lead to identification of and mutually agreeable solutions to issues before they become trade problems.

In situations where we cannot reach mutually agreeable solutions, such as our disagreement on allowing entry of U.S. beef treated with scientifically safe hormones, the United States is prepared to take an aggressive approach. In fact, on March 22, 1999, the United States issued its preliminary list of possible products that would face prohibitive tariffs if the EU fails to comply with a WTO decision on the beef hormone case by May 13, 1999.

Many of the issues affecting US-EU agricultural trade relations, however, are necessarily best addressed on a multilateral basis through the World Trade Organization. The WTO's built-in agenda for the new round of negotiations to begin at the end of this year include the use of export subsidies, trade distorting domestic subsidies and market access. These three areas form the basis of the WTO Agreement on Agriculture. Reform of the EU's Common Agricultural Policy (CAP) along these lines that most directly impact agricultural trade around the world will facilitate the closer orientation to the market needed in Europe and prepare the EU for further trade liberalization envisioned for the new WTO Round .

Although the recent CAP proposal moves in a positive direction, the United States is disappointed that it is not as ambitious as originally proposed by the Commission or U.S. wishes. We remain somewhat optimistic, however, that additional reform of the CAP may be forthcoming due to the need for several European countries to reduce their financial contribution to the CAP.

Through the next round of negotiations under the WTO, we hope to reach mutually satisfactory movement towards market-based farm policies. Combined with further reform of the CAP, results from the new round should greatly enhance US-EU agricultural trade relations for the future.

Question 5: China's accession to the WTO is one of the most important trade issues on the table and I would generally support it but for China's failure to open up its agricultural markets to American farmers. This is critical if American farmers are going to be able to compete in the world marketplace - particularly with commodity prices so low at home. While China joining the WTO is important, I would caution the Administration not to offer it membership at any cost.

- **What are you the Administration doing to ensure that America's farmers are not left out of this equation ?**

Answer 5:

We well understand the importance of the China market to American farmers, and their frustration with Chinese barriers to American agricultural products.

We will only accept a commercially meaningful agreement as an acceptable outcome of our negotiations with China on WTO accession. Agricultural market access is an essential component of any WTO package. In addition, in order for any agricultural package to be acceptable, we must resolve outstanding phytosanitary restrictions facing citrus, TCK wheat, and meat exports.

CJSJ Appropriations Subcommittee
Hearing on USTR FY 2000 Budget Request
Questions for the Record: Representative Lucille Roybal-Allard

Question 1: With regard to the NAFTA and the NAD Bank, under the NAD Bank there was a program, the CAIP program, which was intended to help American companies and workers that were negatively impacted by the NAFTA. My understanding is, to date, CAIP has only approved one loan, at least in California, in Watsonville. Just how many direct loans have come out of the CAIP program?

Answer 1:

According to the NADB's charter, ten percent of the bank's capital is designated for community adjustment and investment programs in both the United States and Mexico. Each government is responsible for developing its own program within this framework, independent of the NADB. In the case of the United States, the Community Adjustment and Investment Program (USCAIP) is designed to provide financing to new or expanding businesses in communities throughout the country that have experienced significant job losses due to changes in trade patterns with Canada and Mexico. This program is developed and implemented through the USCAIP Office in Los Angeles.

It is correct that under its direct loan program, the CAIP has approved, documented, and begun disbursing funds for only one direct loan to date, but it has also approved another direct loan, subject to appropriate documentation, and it has facilitated 205 loans through its federal agency program with USDA and SBA, representing a total of $157 million in loans which are helping to create or retain over 5300 jobs. Also, the Administration has worked with the Congress to increase the availability of funds to retain and create jobs in communities affected by changing patterns of trade with Canada and Mexico.

The Small Business Administration and the U.S. Department of Agriculture are lending partners in the CAIP. SBA can guarantee 7(a) loans in any community meeting CAIP eligibility criteria, while USDA can guarantee loans only in rural areas, usually counties. The U.S. Department of Agriculture (USDA) is implementing its part of the CAIP through the Business and Industry (B&I) Guaranteed Loan Program administered by the Rural Business-Cooperative Service (under Rural Development). Eligible applicants in CAIP-designated rural communities receive high priority for funding under this program.

Question 2: One of the issues of the CAIP fund has been that the regulations to qualify for the program are very stringent, so a lot of the companies of the people that need the help the most aren't able to get it. Has there been any thought of looking at these regulations to see if they can be adjusted in such a way that it could reach more and more of the companies?

Answer 2:

Guidelines for eligibility for the program have been established by the interagency CAIP Finance Committee, chaired by the Treasury Department for the United States Government, with the assistance of a presidential advisory committee. The Administration has given quite a lot of thought on how to improve the program, as the committee meets publicly at least twice a year to review the operations of the program, and the guidelines are subject to change from time to time. The CAIP recently reviewed its eligibility requirements, and introduced new eligibility criteria that resulted in a 45 percent increase in the number of CAIP eligible counties.

There are many other resources available for employees, businesses and communities that have experienced adjustment difficulties that are associated with trade. These resources include the U.S. Department of Labor's NAFTA Transitional Adjustment Assistance Program, an umbrella for several programs that target dislocated workers and provide them with the opportunity to engage in long-term training while receiving income support. The U.S. Department of Commerce's Office of the NAFTA has a program for businesses that provides technical assistance and information on doing business with Mexico and Canada, including guidance on trade policy issue and business practices, and in more detail, NAFTA and other trade-related issues outside the framework of the Agreement. The Department of Commerce also administers the Economic Development Administration (EDA) for communities, both rural and urban, experiencing high unemployment, low income levels, or sudden and severe economic distress. EDA provides technical assistance and funding for economic development. Based on locally- and regionally-developed priorities, the EDA works in partnership with state and local governments, regional economic development districts, public and private nonprofit organizations and Indian tribes.

WEDNESDAY, MARCH 24, 1999.

BUREAU OF THE CENSUS

WITNESS

KENNETH PREWITT, DIRECTOR, BUREAU OF THE CENSUS

CHAIRMAN ROGERS' OPENING REMARKS

Mr. ROGERS. The committee will be in order.

We are pleased to welcome Kenneth Prewitt, the Director of the Census Bureau. This is the first time Director Prewitt has appeared before this Committee, and we welcome you. We hope it is a pleasant experience for you.

The President's budget was submitted on February 2. It included a total of $3.07 billion for the Bureau of Census, of which $2.8 billion is requested to conduct the decennial census in 2000. However, we have been told that this is not the final request for the 2000 Census. From what we read in the newspapers, the final fiscal year 2000 request could be as much as $1 billion to $2 billion higher. We have been pleading with the Administration, for almost 3 years now, to give us the actual cost of doing an actual enumeration, and we have yet to receive it.

We are put in a real bind here. The 2000 Census is 1 year away, and is one of the biggest expenditures of this Subcommittee, and obviously, the Census is terribly important to the Nation. Yet, there are so many unanswered questions. We have not received the Bureau's final plan for the 2000 Census. We are still awaiting revised cost estimates for the plan. And, we have been asking for this information for 3 years, and we have paid millions of dollars to receive it, and you haven't delivered yet. It is my hope that this hearing will help to answer some of these questions.

The 2000 Census is a constitutional duty, a duty that we take seriously. The failure to carry out a constitutional duty, I have to remind everyone, is very serious business, with serious consequences. This Subcommittee and the Congress will not tolerate the failure of an Executive Branch official to carry out his constitutional duty. So I hope this hearing will help us move forward in fulfilling our responsibilities.

Dr. Prewitt, we will insert your written statement into the record. In a moment we will welcome your summary of your statement, if you would like. We hope you can keep that within 5 minutes, but we are not going to bind you to that.

Before doing that, I will recognize Mr. Serrano.

CONGRESSMAN SERRANO'S OPENING REMARKS

Mr. SERRANO. Thank you, Mr. Chairman. I want to join you in welcoming Kenneth Prewitt, Director of the Census, here this morning.

The census is an essential ingredient of American democracy. The Constitution dictated how House seats would be divided among the States for the first Congress and required an enumeration of the population within 3 years so seats could be apportioned fairly. Additional censuses every 10 years would report population growth, while building over time and keep the apportionment fair. Census data that tells us how many people are in the country, and where, are also used to distribute Federal funds totaling nearly $200 billion annually. And, information collected in the census is a basis for many decisions, both public and private, affecting our national economy.

Until not long ago, censuses could be conducted by sending enumerators door-to-door to talk to people. However, in the last few decades, vast changes in the Nation, a more diverse and mobile population, less trust in government, more working women, new forms of households, have increased the challenges facing the men and women at the Census Bureau.

We all agree that a complete, accurate and fair count is the goal for the 2000 census, but we obviously disagree on how to achieve it. I am hopeful, Mr. Chairman, that this morning's hearing will cast more light than heat on the complex issues facing the Census Bureau. And, I hope that we can put aside dispute and begin to work on the budget that will allow the Census Bureau to do its job.

Most of all and lastly, Mr. Chairman, I hope that this morning's hearing continues to remind us that the Census Bureau is composed of professional men and women who know what they are doing. They do it well. They have been caught up in a court decision which has made their lives miserable. However, the intention is to give us the best and most accurate count they can. And in that sense, they are doing their constitutional duty. Thank you, Mr. Chairman.

Mr. ROGERS. You may proceed, Dr. Prewitt.

OPENING STATEMENT OF DR. PREWITT

Mr. PREWITT. Thank you, Mr. Chairman. Thank you for the opportunity to appear before your Committee. I will certainly keep these opening comments quite brief. I will just give you a broad overview of our plans.

Mr. ROGERS. Could you move the microphone closer to you?

Mr. PREWITT. Sorry. Certainly.

I will start, if I may, with nondecennial activities. Other than for Census 2000, we are requesting only modest adjustments for the programs that provide the base data for the Federal statistical community and a broad spectrum of public users. I do urge as we enter these deliberations on the requirements for those programs that they not be sacrificed to meet Census 2000 requirements. Any erosion of funding for these products of our critical economic and demographic data about and for the American people will have devastating effects on their availability and accuracy. We cannot afford

erosion of these programs. However, we certainly have prepared our estimates cognizant of the fiscal pressures that the census places on the Federal budgetary process.

The Bureau's request will permit continued collection of critical information on diverse topics such as the state of the economy, income and poverty, health, crime victimization, housing, voters, consumer expenditures, travel, child care and so forth. For example, fiscal year 2000 is the last year of the 1997 Economic Census Cycle. By the end of the year we will have issued all but a handful of the 1,200 reports generated by the Economic Census. Fiscal year 2000 is also the first year of the 2002 Economic Census and Census of Governments cycle, and we will begin planning for those major efforts.

More than 100 annual, quarterly and monthly surveys provide key national economic statistics on a current basis, including services, construction, manufacturing, Federal expenditures, and general economic statistics. Thanks to the funding from the Congress in prior years, the new North American Industry Classification System, referred to as NAICS, is now being implemented in the Bureau's surveys and censuses.

Also, in our fiscal year 2000 request is funding to continue the American Community Survey to conduct comparative nationwide analyses between American communities surveyed at the 31 sites we established during this fiscal year. The ACS must take place concurrently with the 2000 Census in order to compare and analyze the data and assess whether it will allow us to eliminate the long form from the 2010 Decennial Census, long a goal of this Committee and one of the intended outcomes of the survey.

The American Community Survey is already a success story. It gives current, small area data on demographic, socioeconomic and household characteristics of the population. Gathering these data on a more frequent basis and forming partnerships with other Federal agencies and State and local officials help decisionmakers plan and evaluate public policies.

Just one example: The Census Bureau has been invited to participate with the Department of Justice in a crime-mapping and data-driven management initiative. The community policing perspective requires current, small-area data not only on crime, but also on factors which create crime risks and how to protect against those risks. For example, the data provides small-area estimations on clusters of poor housing, school dropouts who are not employed, and people who walk to work, which tell local officials about crime risk factors so that they can intervene before neighborhoods experience serious problems.

To turn very briefly then to the decennial census. It is obviously a very critical year for the Census Bureau in that we must carry out the decennial census of population and housing. While the estimates for the other Bureau programs will not change much from what was transmitted in the President's budget, and, as I earlier mentioned, reflect only modest adjustments over fiscal year 1999 levels to keep pace with the rising cost of operations, the estimate for Census 2000 will change significantly because of the recent Supreme Court decision.

The Supreme Court announced in their 5-to-4 decision in late January that the Census Act does not authorize the Bureau to use statistical sampling methods in Census 2000 to produce the population count used for apportioning congressional representation. While this ruling was disheartening to those who have worked long over the last 7 years in an attempt to design, plan and conduct a census that is both more accurate and less costly than prior censuses, our charge now is to make every effort to be as accurate as possible without statistical methods for apportionment purposes.

Consistent with the Supreme Court ruling, we will also conduct an Accuracy and Coverage Evaluation we call ACE to measure the undercount and produce more accurate numbers for every other purpose. It will be very difficult, particularly now that we are a mere 372 days from Census Day 2000, and of course the debate over the design continues. Obviously, it was necessary to make significant changes in our original plan, resulting in changes to the budget estimates as presented to you.

Let me summarize quickly where we are, what you can expect. We have prepared and released an operational plan for a census without sampling for nonresponse follow-up. This operational plan outlines significant modifications in five areas: methods to improve public response, methods for conducting nonresponse followup without sampling, methods to improve coverage in lieu of the use of sampling techniques, enhancing quality assurance, and additional training for already planned methods and for conducting the Accuracy and Coverage Evaluation to evaluate census operations and to produce numbers for nonapportionment purposes.

We prepared a new Master Activity Schedule to which we are currently adding more detail for a census without sampling for nonresponse followup to incorporate changes in the areas I just noted. This schedule is the work plan for the daily activities of thousands of permanent and temporary census workers and draws on the lessons learned from last year's dress rehearsal. We are currently working on revised budget estimates together with a detailed explanation and justification of the changes which will be required. The Census Bureau expects to complete this task during the spring.

While availability of revised estimates on this schedule are obviously not ideal for the appropriations process, it is the earliest, I believe, that we can produce those estimates with the same care and certainty of those developed over the past 7 years. Because the change in methodology required by the Supreme Court affects both the timing and the magnitude of the operations, we expect to require additional funds for fiscal year 1999, and we will also alter our previous estimates for fiscal year 2001.

For a number of reasons that I will explain further, the task of actually enumerating every American in Census 2000 will be substantially more difficult and costly than the 1990 decennial census, and the results may not be any more accurate. There are many factors that contribute to the difficulty of enumerating every American and where they live, as well as the cost of conducting the highly integrated, complex mobilization of people and technology.

First, there are more people and more housing units. In addition, the American people are more mobile than ever, so there is simply

more work to be done. Rising labor costs and a different employee profile account for a large part of the estimated cost increase. Taking the census is extraordinarily labor-intensive and under the current plan we need to hire several hundred thousand more people than projected under the original plan. Many of the types of people used to take temporary census jobs are employed elsewhere, resulting in the need to recruit, hire and train more people than ever before for the part-time census employment that they often take as a second job.

In order to be most productive, Census 2000 will need temporary workers with a high skill level, both to operate and maintain our office automation technology and to have direct face-to-face and telephone contact with respondents. Because many of them will go to people's homes, and they must all protect the privacy of the respondents, our employees must meet very stringent standards and background checks. In order for the Census Bureau to successfully compete with private industry for these skilled people, even only for temporary employment, wages must be competitive and that drives costs up.

In addition to increased workload and labor costs, we must invest heavily in order to increase public awareness and in order to improve the response rate, and try to improve our enumeration of those who are traditionally hard to count. We are still finalizing the cost of the census, which does not include sampling for nonresponse followup. Because it was necessary to complete the detailed Master Activity schedule with the operating plan before calculating final cost, a detailed budget estimate for Census 2000 is not yet available.

That concludes my opening statement, and I am prepared to answer your questions, sir.

[The statement of Mr. Prewitt follows:]

PREPARED STATEMENT OF

KENNETH PREWITT

BUREAU OF THE CENSUS

UNITED STATES DEPARTMENT OF COMMERCE

Before the Subcommittee on

Commerce, Justice, State,

the Judiciary, and Related Agencies

Committee on Appropriations

House of Representatives

March 24, 1999

Mr. Chairman and members of the Subcommittee:

Thank you for the opportunity to discuss with you today the Bureau's Fiscal Year 2000 budget request.

OVERVIEW

The Bureau is requesting direct appropriations of $3,071,698,000 for domestic discretionary spending; of that, $156,944,000 is for current statistical programs, and $2,914,000,000 is for periodic census programs. This request is $1,731,749,000 more than was appropriated in Fiscal Year 1999.

Other than for Census 2000, we are requesting only modest adjustments for the programs that provide the base data for the federal statistical community and a broad spectrum of public users. I strongly urge as you enter your deliberations on requirements for these programs that you not sacrifice them to meet Census 2000 requirements. Any erosion of funding for these producers of our critical economic and demographic data about and for the American people will have devastating effects on their availability and accuracy. We simply cannot afford erosion of these programs; however, we certainly prepared our estimates fully cognizant of the fiscal pressures the census places on the federal budgetary process.

DEMOGRAPHIC MEASURES

While many people associate the Census Bureau only with the decennial census or with population estimates and projections, there is a vast array of familiar information the Bureau collects and provides to policy makers on the socioeconomic, demographic, and housing characteristics of the Nation's people. Our primary surveys in the Current Demographic Statistics program are the Current Population Survey, or the CPS, and the Survey of Income and Program Participation, often referred to as the SIPP.

The CPS is the primary source of information on the labor force status of the population, and is funded as a joint program with the Bureau of Labor Statistics (BLS). It measures how much of the labor force is employed and unemployed, and refines employment data by various characteristics such as age, sex, ethnic origin, veteran status, and other demographic variables. In

addition, the March Annual Demographic Supplement to the CPS provides the official estimates of annual income, poverty, and health insurance coverage.

The other survey, the SIPP, provides detailed data on trends in income, poverty, health insurance coverage, program participation and eligibility, disability, taxes, non-cash benefits, and general demographic characteristics, by interviewing a representative sample of people for four years. These survey estimates of economic well-being are both more comprehensive and more accurate than those from the CPS, including information on benefits received from government programs and how they affect economic well-being over time.

We are requesting $52,867,000 in FY 2000 for the Current Demographic Statistics program.

OTHER DEMOGRAPHIC ACTIVITIES

The Demographic Surveys Sample Redesign activity updates the samples for the major recurring household surveys to reflect the latest decennial census and thereby maintains the accuracy of the results; we are requesting $4,805,000 in FY 2000 for this activity.

Although relatively small in comparison to many of the Census Bureau's programs, the Intercensal Demographic Estimates program is a significant demographic activity. Between decennial censuses, decision makers rely on the program for annual population estimates for states, counties, cities, and towns. During non-decennial years, these estimates are the basis for the distribution of more than $100 billion in federal funds and are used to set caps on the amount

of tax exempt revenue bonds a state may issue. This program supports the Census Bureau's mission to collect and provide timely, relevant data about the people and economy of the United States. The FY 2000 request for the Intercensal Demographic Estimates program is $5,300,000.

ECONOMIC STATISTICS

Fiscal Year 2000 is the sixth and last year in the six year 1997 Economic Census funding cycle. The focus of activity for the FY 2000 will be on the publication and dissemination of information collected and processed in the previous two years. Since the Economic Census data will be organized according to the new North American Industry Classification System (NAICS), the Bureau will have to prepare several new reports illustrating how NAICS affects the economic statistics. No data are published that disclose the operations of individual businesses.

By the end of the fiscal year, we will have released all but a handful of the 1,200 reports that are generated as part of the 1997 Economic Census. We provide data in a variety of different media, principally via CD-ROMs and the Internet.

FY 2000 also is the first year in the 2002 Economic Census cycle. We will begin planning activities related to design and content of the forms for 2002. We also will contact respondents to develop new means to reduce reporting burden. The FY 2000 request for the Economic Censuses is $46,444,000.

FY 2000 also is the first year in the five-year cycle of the 2002 Census of Governments. In FY 2000, our efforts will concentrate on planning and preparation for the content, coverage, methodologies and procedures appropriate for the several component surveys and programs that will constitute the census. We are requesting $4,594,000 in FY 2000 for the Census of Governments.

On a current basis the Census Bureau conducts more than 100 annual, quarterly, and monthly surveys of key national economic statistics — including services, construction, manufacturing, wholesale and retail trade, and transportation. Over the past few years, the Census Bureau has reviewed its current surveys and discontinued those that were not of the highest priority. For the Current Economic Statistics program, the Census Bureau is requesting $100,118,000 in FY 2000.

INNOVATION

The innovative work funded by the Electronic Information Collection (EIC) activity allows the Census Bureau to improve the way it conducts business by taking advantage of modern, efficient technologies.

The EIC program also provides Census Bureau implementation of the new International Trade Data System (ITDS). ITDS will facilitate the electronic interchange of trade data among Federal agencies and significantly reduce the reporting burden imposed on the business community by eliminating redundant data collection. The FY 2000 request for the Electronic Information Collection program is $7,939,000.

The Data Processing Systems program is used to maintain the Bureau's information technology infrastructure. This program buys or rents the hardware and software needed by the Bureau's general purpose computing facility, and is requesting $22,997,000 for FY 2000.

Survey Development and Data Services conducts necessary research into survey design and estimation, time series analysis, error reduction, privacy protection and special experimental and evaluation studies; these activities continually improve the Bureau's survey and census activities, and requests $3,959,000.

GEOGRAPHIC SUPPORT

The Bureau has developed an integrated and automated computer based Geographic Support System (GSS). The GSS requires large volumes of information from many external sources to establish and maintain accurate geographic boundaries, address ranges, and other map information within the Topologically Integrated Geographic Encoding and Referencing (TIGER) data base and accurate addresses in the Master Address File (MAF). This information must be updated on a periodic and regular basis to meet the needs of the Economic Census, the Current Demographic Statistics, and the Intercensal Demographic Estimates activities We are requesting $33,406,000 for Geographic Support activities.

While the Census Bureau will, in FY 2000 as in all years, continue its regular current programs and cyclical censuses, we have no new program initiatives this year; we need not tell you that the lion's share of our resources and our energy will be devoted to the data collecting and processing

activities for the 2000 decennial census in the Census Year itself. So let me continue with Census 2000.

DECENNIAL CENSUS

For the past decade, the Census Bureau has been looking ahead to one day: April 1, 2000. We have been preparing to take a family portrait of all the people of our Nation on that day — how many of them there are, who they are, where they live, how they live.

We have been preparing to take this portrait so that it will not only be the clearest (that is, most accurate) portrait possible, but also the most cost-effective census possible. We are also determined that Census 2000 will impose as light as burden as possible on the 270 million or so men, women, and children whom we are counting.

I realize, as you do, that the budget request you've been provided thus far reflects a funding need that now has been overtaken by events. While the estimates for the other Bureau programs will not change, and, in fact, reflect only modest adjustments over Fiscal Year 1999 levels to keep pace with rising costs of operations, the estimate for Census 2000 will change significantly.

On January 25, 1999 the Supreme Court announced their 5 to 4 decision that the Census Act does not authorize the Bureau to use statistical sampling methods in Census 2000 to produce the population count used for apportioning Congressional representation. While this ruling was disheartening to those who have worked so hard over the last seven years in an attempt to design,

plan and conduct a census that is both more accurate and less costly than prior censuses, our charge now is to make every effort to achieve these same goals without statistical methods for apportionment purposes. Consistent with the Supreme Court ruling, we also plan to conduct an "Accuracy and Coverage Evaluation," or ACE, to determine the undercount and produce more accurate numbers for every other purpose. It will be very difficult. Particularly now that we're a mere 372 days from Census Day 2000 and the census design debate continues.

Obviously, as a result of the Supreme Court decision, it was necessary to make significant changes in our original plans that will result in changes to the budget estimates as presented to you. Let me summarize for you where I think we are and what I think you can expect:

- We've prepared and released an Operational Plan for a Census without sampling for non-response follow-up. This Operational Plan outlines significant modifications in five areas:
  - methods to improve public response,
  - methods for conducting nonresponse followup operations without sampling,
  - methods to improve coverage in lieu of the use of sampling techniques,
  - enhancing quality assurance and training of already planed methods, and,
  - conducting the Accuracy and Coverage Evaluation to evaluate the census operations and produce numbers for non-apportionment purposes.

- We've prepared a new Master Activity Schedule to which we are currently adding more detail, for a census without sampling for non-response followup to incorporate changes in the areas I just noted. This schedule is the real work plan for the daily, if not hourly, activities of the thousands of permanent and temporary census workers, and draws on lessons learned in last year's Dress Rehearsal.

- We're currently working on revised budget estimates, together with a detailed explanation and justification of the changes which will be required. The Census Bureau expects to complete this task during the spring. While availability of revised estimates on this schedule may not be ideal for the appropriations process, it is the earliest I believe that we can produce these estimates with the same care and certainty of those developed over the past seven years.

- Because the change in methodology required by the Supreme Court decision affects both the timing and magnitude of census operations, we expect to require additional funds for FY 1999, and we will also alter our previous estimates for FY 2001.

- For a number of reasons that I will explain further, the task of accurately enumerating every American in Census 2000 will be substantially more difficult and costly than the 1990 Decennial Census, and the results may not be any more accurate.

There are many factors that contribute to the difficulty of enumerating every American where they live, as well as the cost of conducting this highly integrated, complex mobilization of people and technology. First, there are more people and more housing units. In addition, the American people are more mobile than ever, so there is simply more work to be done. Second, rising labor costs and a different employee profile account for a large part of the estimated cost increase. Taking the census is extraordinarily labor intensive and under the current plan, we need to hire several hundred thousand more people than projected under the original plan. Many of the types of people who used to take temporary census jobs are employed elsewhere, resulting in the need to recruit, hire and train more people than ever before for part-time census employment, often as a second job. And, in order to be most productive, Census 2000 will need temporary workers with a high skill level, both to operate and maintain our office automation technology and to cooperatively have direct face-to-face and telephone contact with respondents. Because many of them will go to people's homes, and they must all protect the privacy of respondents, our employees must meet very stringent standards and background checks. In order for the Census Bureau to successfully compete with private industry for these skilled people, even for temporary employment, wages must be competitive, and therefore costs go up.

In addition to increased workload and labor costs, we must invest heavily in order to increase public awareness and the response rate — and to try to improve our enumeration of those who are traditionally hard-to-count. We are still finalizing the costs of a Census which does not include sampling for nonresponse followup. Because it was necessary to complete the detailed

Master Activity Schedule for the operating plan before calculating final costs, a detailed budget estimate for Census 2000 is not yet available.

The current request for Census 2000 is $2,789,545,000 in FY 2000. To keep this amount in the appropriate context, let me briefly explain what the request before you will fund:

- In addition to our 12 permanent regional offices, we have opened and will operate 12 temporary regional census centers in Atlanta, Boston, Charlotte, Chicago, Dallas, Denver, Detroit, Kansas City, Los Angeles, New York, Philadelphia, and Seattle. Each Regional Center will have about 20,000 square feet, and, at peak will employ an average of 150 people.

- At the peak of Census 2000, we had expected to create about 600,000 temporary jobs nationwide. Our original plan called for recruiting 2.7 million people to fill these jobs. Regardless of the plan, the Bureau will hire people to work in the neighborhoods and areas where they live.

- We will operate 476 temporary offices nationwide — almost 40 for each Regional Census Center. These offices will conduct the local data collection activities — principally, collecting data from households which do not mail back a questionnaire. Each temporary office will have about 8,300 square feet, and will employ about 50 people to support the field data collection activities.

- We will continue to hire former welfare recipients through the Administration's "Welfare to Work" initiative. A total of 4,000 former welfare recipients will be hired.

- Private contractors, in partnership with the Census Bureau, will conduct data capture activities to scan millions of census questionnaires and convert the data into machine readable form using state-of the-art imaging technology. Four centers — each approximately 200 thousand square feet — will be located in Pomona, California; Phoenix, Arizona; Baltimore, Maryland; and Jeffersonville, Indiana — an expansion of an existing Census Bureau facility in Jeffersonville. At their peak, each data capture center will employ approximately 2,000 people, in two shifts.

- The Census Bureau has awarded contracts to:
  - Lockheed-Martin, for purchase and set up of the DCS 2000 optical scanning solution for imaging and capturing data from census questionnaires;
  - TRW, to manage the 3 data capture centers (except Jeffersonville);
  - IBM , to develop the American Fact Finder, providing for release and publication of Census 2000 data over the Internet.
  - EDS , to establish decentralized phone centers to assist the public in completing census forms; and
  - Young and Rubicam, to develop and implement a paid advertising campaign.

- The Census Bureau will create 15,000 temporary jobs in questionnaire assistance centers, located in neighborhoods which will most benefit from such help, primarily those neighborhoods which are linguistically isolated.

- For non-English speaking residents, we will make questionnaires available in 5 languages other than English.

- And finally, in addition to enumerating the 50 States and the District of Columbia, we will also enumerate Puerto Rico, the U.S. Virgin Islands, and the U.S. Pacific Territories.

AMERICAN COMMUNITY SURVEY (ACS)

We have included in our fiscal year 2000 request $25,000,000 to continue the American Community Survey to conduct comparative nation-wide analyses between American Community Survey at the 31 sites we established during this fiscal year. The American Community Survey must take place concurrently with the 2000 census in order to compare and analyze the data and assess whether it will allow us to eliminate the long form from the 2010 Decennial Census, long a goal of this committee and one of the intended outcomes of the Survey.

The American Community Survey is already a success story. The ACS gives current, small-area data on demographic, socioeconomic, and household characteristics of the population. Gathering these data on a more frequent basis and forming partnerships with other Federal agencies and State and local officials, helps decision makers plan and evaluate public policies. For example, the

Census Bureau has been invited to participate with the Department of Justice in a crime mapping and data-driven management initiative. The community policing perspective requires current, small-area data not only on crime but also on factors which create crime risks and protect against those risks. American Community Survey data on clusters of poor housing, school dropouts who are not employed, and people who walk to work tell local officials about crime risk factors so that they can intervene before neighborhoods experience serious problems.

CONCLUSION

As I have stated earlier, our FY 2000 request for the Decennial Census program must be revised to appropriately reflect the budgetary resources that will permit the Census Bureau to produce a population count for apportioning the House of Representatives consistent with the January 25, 1999 Supreme Court decision. The amounts requested for the non-decennial programs will not change.

Thank you for this opportunity to address our FY 2000 funding requirements. I will be glad to answer any questions you may have.

PLAN FOR THE 2000 CENSUS

Mr. ROGERS. Thank you for your statement.

Now, let me say at the outset, I know you are new at this job, and that you are having to take orders on this from up the ladder. And for that, I express some sympathy for you. Having said that, let me just say this. I was around here in the aftermath of the 1980 Census. I came onto this Subcommittee 15 years ago, and helped oversee the preparations for the 1990 census and then the aftermath of the 1990 Census, including the court proceeding that determined statistical sampling was not appropriate in the 1990 census.

Then, having become Chairman of this Subcommittee in 1995, I began to pressure the Commerce Department to begin to prepare to do the 2000 Census in an appropriate way, having realized that the 1990 Census was botched because the Commerce Department, under another Administration, didn't properly prepare for, and didn't properly execute it. We hammered at them all the while, gave them all the money they needed, and they botched it.

Now, we see the preparations for this Census, and it is going to make the 1990 Census look like a Sunday school picnic. In my opinion, based on my experience, this one is being botched a thousand degrees more than the 1990 Census preparation because today, you can't even tell us how you are going to conduct the census in 2000, and here we are one year away. We have spent millions of dollars on this. We have had them redesign the forms. We have hired firms at our insistence to help make the forms you mail out more attractive and easier to fill out. We have micromanaged, if you will, to a certain degree, hoping that we would get, this time, an actual enumeration that was more accurate than before.

Three years ago, we began to tell the Census Bureau and the Commerce Department, look, prepare for an actual enumeration just in case the courts rule that that is required. Go ahead and do your other things, but as an alternative, be prepared. And we gave you the money. Three years ago, we began to require in statute that the Census Bureau prepare for an actual enumeration. In the final fiscal year 1998 Appropriations Act, we required the Bureau to quote, "plan, test, and become prepared to implement a 2000 decennial census without using statistical methods," end of quote. And we gave you $27 million to develop the plan, just to develop the plan. And you are here to tell us you don't have a plan, is that correct?

Mr. PREWITT. No, sir. We have a plan.

Mr. ROGERS. What is the plan?

Mr. PREWITT. Would you like me to respond now?

Mr. ROGERS. Yes.

Mr. PREWITT. Certainly. Well, the plan is the plan which we submitted to Congress in the middle of January, that was before the Supreme Court decision, but was the one that we had designed to not include sampling. And then we updated that several weeks later to try to improve on it, based upon our dress rehearsal results which weren't available to us when we produced this. And we went from that set of plans to what we call our conduct schedule. This is our conduct schedule, which identifies every procedure that we

intend to carry out in 2000, the start date and the finish date of all of those conduct procedures which, for us, is a very detailed set of processes.

Mr. ROGERS. But this uses statistical methods, correct?

Mr. PREWITT. No, sir, not for the——

Mr. ROGERS. Actual enumeration?

Mr. PREWITT. No, not for the actual enumeration.

Mr. ROGERS. Do you have a plan for the actual enumeration without using statistical methods?

Mr. PREWITT. Yes, sir. This plan is subtitled "Using Traditional Censustaking Methods," which was our vocabulary for a census which does not use sampling methodologies. This is the update of it.

Mr. ROGERS. Well, what I am asking you is, do you have an actual enumeration census plan for all purposes, not just for reapportionment?

Mr. PREWITT. Yes, sir. Yes, we do.

Mr. ROGERS. For all purposes?

Mr. PREWITT. Yes, sir.

Mr. ROGERS. For redistricting, for apportionment of Federal dollars and so on?

Mr. PREWITT. Yes.

Mr. ROGERS. And which plan is it? Which one of those plans is it?

Mr. PREWITT. It is a combination of all. These are all a sequence of plans.

Mr. ROGERS. My understanding is that your plan uses statistical methods for all but reapportionment. Am I incorrect in that?

Mr. PREWITT. The design of the Census for 2000 is a 12-month process, from April 1st, 2000 to March 31, 2001; and in that process, we have a number of obligations, one of which, as you obviously have indicated, is our constitutional obligation to produce apportionment numbers no later than December 31st of 2000. We are on schedule to do that.

Mr. ROGERS. The question is, does your plan use statistical sampling for things other than reapportionment?

Mr. PREWITT. Yes, sir.

Mr. ROGERS. Then you don't have a plan before us, as we directed you to do 3 years ago, and gave you money for that conducts a 2000 Census that does not use statistical sampling, period?

Mr. PREWITT. I am sorry, Mr. Chairman. Let me try to—we have a plan that produces apportionment data on schedule.

Mr. ROGERS. I am not asking apportionment data, I am talking about general data.

Does your plan conduct a census using actual enumeration for all purposes as we directed you to do 3 years ago and paid for last year?

Mr. PREWITT. Yes, it does.

Mr. ROGERS. Well, I don't—you just said you are doing it only for reapportionment.

Mr. PREWITT. No. I was trying to say that there is a sequence of things. The first step in that sequence is to produce information to the 50 States, to the U.S. Congress, for allocating seats across the 50 States. We are on schedule to do that. Those data then are

available to the country, and they will be produced, those data without statistical sampling, will be produced for the country at the same level of detail as additional data—could I put a poster up that would help?

Mr. ROGERS. Sure.

Mr. PREWITT. I appreciate this will not be easy to read, and you don't have to understand the details of it to read it. A version of this I think has been shared with your staff, and of course can be made available to the committee members.

The plan that is—I am sorry, sir. Can I go to this?

Mr. ROGERS. Please. I think we can hear you. Sure.

Mr. PREWITT. This is a set of activities that produces by December 31st the counts that do not use any statistical sampling methods. Once these data are produced, they can subsequently be used for anything the country wants to use them for.

In addition, we are doing what we call our Accuracy and Coverage Evaluation, which starts and continues into 2001, which we can use and will recommend to be used for purposes other than apportionment. But it is simply incorrect to say that the nonsampling data cannot be used for other purposes, because they clearly can and will be. We believe they will be less accurate than the data that are corrected using the statistical methods. But the plan is complete.

TWO-NUMBER CENSUS

Mr. ROGERS. So what you are planning on is a two-number census.

Mr. PREWITT. Sir, we are planning on a census which we believe will be progressively more accurate.

Mr. ROGERS. With two different results?

Mr. PREWITT. If I may, in 1990, the Census Bureau did the best job it could and presented to the country, as it should have, a number based upon its enumeration strategy. It then conducted an evaluation that revealed, rather persuasively, that we had missed some people. We then used that evaluation to correct for those numbers, and the use of those numbers was left to different agencies.

If I may cite a letter from the Commissioner of the Bureau of Labor Statistics, the BLS: Starting in 1992, the BLS incorporated the undercount for all of their estimates of the working-age population. Had they not done that, their estimates would have been over 2 million persons short. Those estimates have been used for the last 8 years for all unemployment statistics that come out of the Bureau of Labor Statistics. Otherwise, the overall level of employment and unemployment would have been too low and the geographic and demographic distribution of unemployment and other measures shown in our data would have been inaccurate.

May I ask, sir, if this could be put in the record?

Mr. ROGERS. Sure.

[The information follows:]

U. S. Department of Labor

Commissioner
Bureau of Labor Statistics
Washington, D.C. 20212

MAR 11 1999

Mr. Kenneth Prewitt
Director
Bureau of the Census
U.S. Department of Commerce
Room 2049, Building 3
Washington, DC 20233-0100

Dear Mr. Prewitt: Ken

Government household surveys, such as the Current Population Survey (CPS), require the most accurate and complete estimates of the population possible. All population "controls" for an entire decade are derived from the previous decennial census, which provides the base for monthly updates using estimates of births, deaths, and migration. If the census fails to count people who should have been counted, then that shortfall will carry over into all of the estimates produced by the ongoing surveys.

If, for example, specific groups of minorities are undercounted in the census, they will be similarly underrepresented in the labor force, employment, and unemployment numbers released by the Bureau of Labor Statistics (BLS). The population estimates that BLS incorporated into the CPS program following the 1990 census included the "undercount" identified through the Post-Enumeration Survey (PES). Had BLS not incorporated the undercount, and, instead, used the official population estimates--that is, those used for apportionment--our estimates of the working age population would have been too low by about 2.1 million. Those persons were not evenly distributed demographically. In particular, persons of Hispanic origin and blacks made up three-fourths of persons not counted in the official statistics.

Thus, had the PES had not been conducted and we been forced to use the official population count, our estimates of the overall level of employment and unemployment would have been too low, and the geographic and demographic distribution of unemployment (and other measures) shown in our data would have been inaccurate. Moreover, these errors would have persisted for (at least) the next 10 years, since the decennial census numbers form the basis for the monthly population estimates used in the surveys for a full decade.

Unemployment statistics from the CPS are included in the allocation formulas used to distribute tens of billions of dollars each year to states and localities. The accuracy and completeness of the population controls to which they are tied is critical, because different population estimates (as with the official vs. the PES-adjusted data derived from

the 1990 census) could cause a shift of several percent in a state's allocation, if an unemployment *level* is used in the allocation formula.

Additionally, the data from the CPS are used by policymakers to evaluate such initiatives as welfare reform, health insurance legislation , and minimum wage legislation. An inaccurate population base creates the risk that the survey-based estimates will misstate the extent of a problem, or the demographic or geographic concentration of that problem.

It is the job of survey sponsors, such as the BLS, to provide their customers with the most accurate data available, and the first building block for quality in any survey is an accurate population "benchmark." Our government customers, from the state and local governments receiving assistance, to federal agencies awarding grants, depend on that accuracy so that the programs with which they are involved can allocate funds fairly. Analysts and decision-makers in academia, business, and government depend on the data both to enhance our understanding of social and economic conditions, and to make decisions that improve those conditions.

Following the simple adage that quality outputs require quality inputs, BLS strongly supports the Census Bureau's efforts toward a complete and accurate population accounting.

Sincerely yours,

Katharine Abraham

KATHARINE G. ABRAHAM
Commissioner

Mr. PREWITT. The point is that you could call that two numbers. The Bureau of Labor Statistics preferred to call it the more accurate number. So they took one number, they then used a correction factor that gave them a more accurate number. So whatever vocabulary we wish to use in this instance, for 8 years this country has designed its economic policies based upon data that were corrected and incorporated into all BLS economic statistical series. So every time that Mr. Greenspan or anyone else comes before the Congress and explains what is going on in the economy, they are basing that judgment and their analysis on what I think you would call a second number. It is a more accurate number.

Mr. ROGERS. Well, I dispute that. Now, in 1990, as you know, the Census Bureau proposed to adjust the number. Secretary Mosbacher, then the Secretary of Commerce, rejected that, saying it was not accurate. It took almost 3 years after the 1990 Census for the Census Bureau to discover that the statistically adjusted numbers were wrong. They overestimated the undercount by a half a percent. Is that not correct?

Mr. PREWITT. It is correct, sir, that there was certainly a serious error made, that it was found, and we are glad it was found. However, the number that then became available to the country was still more accurate, by far more accurate than the initial count. That is why the Bureau of Labor Statistics has driven all of its economic data for the last 8 years from that new number, because they think it is more accurate.

Mr. ROGERS. Well, I can't argue that, because the 1990 actual count was a horrendous count by everyone's account. It is because it was not run properly, and some of us knew at the time that the Director of the Bureau at that time didn't know how to do it, and there was not an accurate count.

That is the reason since that time, this Subcommittee, Republicans and Democrats on this Subcommittee, has been pushing to beef up the actual count procedures to give monies in preparations for a better mailing list, for more appealing census forms, for a better followup, and all of the other things that go into making an actual count more accurate. We have invested hundreds of millions of dollars in doing just that.

And here, now you are saying, well, we are not going to worry about that, we are going to guess. We are going to have a virtual count, if you will. And in my congressional district, we are going to estimate based on not even a State sample, but a regional sample now of several States, we are going to extrapolate from that, that in my district there are so many people that no one knows about, but we are going to figure they are there.

Well, I am here to tell you that my district doesn't reflect that five- or six-State region. It just doesn't reflect it. His district doesn't reflect his region. His doesn't reflect his region. We are all so different, and you can't run us through the same-size-fits-all process. And that is what you are attempting to do, which was rejected by the Secretary of Commerce 8 years ago.

Now, the court said that for reapportionment, you must provide an actual enumeration. They said if you want to do sampling, you can only do it if it is feasible, and some of us are saying it is not

feasible. It is the feasibility of your plan that I think is at question here.

How does your plan differ from what was attempted to be done to the 1990 Census and statistical estimation?

Mr. PREWITT. Mr. Chairman, if I could start, your question started with respect to the master address file, the improved forms, the publication and advertising program and so forth. The Census Bureau really does appreciate the support of the Congress in trying to make the address file a more accurate and better tool, and we indeed have spent, as you referenced, well over $100 million doing that. We are still doing it. We know that the census is two things. It is finding 270 million people, but it is attaching them to 120 million addresses. You see, the addresses are as important to us as the people, because the Constitution obligates us not just to count, but to locate and fix where the people are.

So the Congress' support in helping us improve the master address file is an extremely critical part of Census 2000, and we have been doing that work, and we have been fixing the form as the Congress had hoped. It is more user friendly. We have pretested it. All of the things that you identified are part of this plan, and I appreciate that we can't spend as long as it would take to go through them, but we can go through every one of those and show you the state of our planning, if you would like. So I would urge that we believe that the Census Bureau has been fully responsive to the congressional instructions to improve these parts of the procedure.

We believe that the plan that is available is a superior plan, that is, the enumeration plan is a superior plan to the plan that was used in 1990. It is good that it is a superior plan, because it is going to be harder to count the American public in 2000 than it was in 1990. So the things that you identified have all been done, and they are embedded in these documents and there as part of that schedule, and we can talk about them in detail.

Secondly, you asked about the difficulties of estimating population characteristics from one area to the other. I can just simply say that if we did not know how to do that, this country would not have health statistics, would not have education statistics, would not have labor statistics. Every statistical activity that the country carries out includes aggregating responses across different jurisdictional lines. There is simply no other way to do it to give this country good data for those purposes.

So it is not something new to create statistical programs that are aggregated across a lot of different jurisdictions. That is what we do in the current population survey, which drives all of the unemployment numbers.

Mr. ROGERS. Well, it is new. I think you will admit this is the first time we will have ever, if you are successful, conducted a census using sampling.

Mr. PREWITT. We started using sampling in 1940.

Mr. ROGERS. Statistical sampling?

Mr. PREWITT. Statistical sampling.

Mr. ROGERS. Have you ever used statistical sampling for an actual enumeration in a decennial census for purposes of reapportionment, redistricting, whatever?

Mr. PREWITT. Well, "whatever" includes a lot of things, but not reapportioning and not redistricting.

Mr. ROGERS. That is correct. So this is a new thing you are trying out.

Mr. PREWITT. That part of it is new.

Mr. ROGERS. It is new.

Mr. PREWITT. We are not trying to do it for reapportionment, because that is what the court ruled on.

STATUS OF PREPARATIONS FOR 2000 CENSUS

Mr. ROGERS. Now, you have shown us a pamphlet here of your plan. I am told that that is only a sketch, that we do not yet have the Master Activity Schedule completed, the complete Master Activity Schedule; is that correct?

Mr. PREWITT. This document is what is called a conduct. This is the most critical document in the planning of a census. It identifies every——

Mr. ROGERS. That is a summary. We are looking for the details.

Mr. PREWITT. Sir, I don't have the details today.

Mr. ROGERS. Do they exist?

Mr. PREWITT. Well, in large measure.

Mr. ROGERS. The question is, do you have a complete Master Activity Schedule? Not a summary, not a scheme, not a plan, not an idea, not a concept. Do you have an actual Master Activity Schedule that we can look at?

Mr. PREWITT. No, sir.

Mr. ROGERS. Why not?

Mr. PREWITT. It is not complete.

Mr. ROGERS. Not complete. We have paid for it. We have directed you 3 years to develop it. We paid you $27 million last year to do it in 1998.

Mr. PREWITT. I do not have the legislation in my head and I apologize for that, but I believe that what the Congress expected us to do, and I believe what we have done, is have a plan that puts us on schedule to conduct the census on April 1st, 2000. We are on that schedule. That matters. The particular date on which a master activity schedule is finished strikes me as not what is the core. What is core is can we do this census on schedule according to the instructions of the U.S. Congress? We are on that schedule.

Mr. ROGERS. Well, tell me the cost.

Mr. PREWITT. As I just said in my opening comments, I don't have that cost today.

Mr. ROGERS. Why not?

Mr. PREWITT. It is not complete.

Mr. ROGERS. When are you going to tell us? Here we are on the eve of writing an appropriations bill for this Subcommittee, which funds the Supreme Court, all the Federal courts, the U.S. Marshals, the security of courthouses, the operations of the State Department in 184 locations around the world, antiterrorist activities, the operations of the FBI, the DEA and the drug war, the Foreign Commercial Service in the Department of Commerce, the National Weather Service, and on and on and on. All of those operations of the government are waiting. We can't do anything to fund those agencies after June 15th because the Census Bureau will not tell

us how much money they have to have to do what we have directed them for 10 years to do and the Constitution mandates.

Here we are sitting and waiting, and I have pleaded with everybody from the President down—give us the dollar figure. Give us the plan so we can judge whether it is feasible and try to find the money for it. Does it bother you that the Supreme Court is sitting over there waiting for their pay and the lights will go out on June the 15th in the Supreme Court? Does that bother you that these things are hanging in the balance?

Mr. PREWITT. Mr. Chairman, it bothers me a lot.

Mr. ROGERS. Does the fact that the Congress directed you in the 1998 Appropriations-Act to develop the plan and the cost and get it to us forthwith? Does that bother you that you haven't done that?

Mr. PREWITT. Well, if I could go to the first question first, is that all right, and then I will come to the second question.

Mr. ROGERS. Sure.

Mr. PREWITT. With respect to the bind that we have put this Committee in, of course it bothers me, and I wish it weren't the case. I wish it weren't the case for us, not just for the burdens that it places on this Committee. What I am worried about is presenting to you a number which is not rock solid.

That is, I think I put you in a different bind if we come before you today and say we haven't finished all of our detailed work to give you the very, most secure estimate that we can, so that when we do give you that estimate, it is not going to go up or down; it is "it," minus natural disasters and so forth.

It just seems to me a responsible thing for an agency head not to produce a number for the U.S. Congress which is not as firm and tight and solid as it can be. So I appreciate that we have put you in a bind and made your task difficult.

I would say that the Census Bureau's task has not been easy. We started with an instruction from President Bush to design a census which would be more accurate and less costly than 1990. We tried to implement that instruction over a 5- to 6-year period. We then hit a period, as you say, in 1998 when we got another instruction. We tried to accommodate that instruction. Then, in early this year, we got a partial resolution of some serious uncertainties. We have tried to accommodate that.

The good news, which I appreciate doesn't make your task easier, but in the long run the good news is that the Census Bureau is on a schedule to give you a quality piece of work on April 1, 2000.

Mr. ROGERS. Do you know why we are where we are today? We are in this bind—we are in this bind because the Bureau did not develop a real plan for actual enumeration for all purposes, as they were directed and paid to do, because you kept hoping the court would rule in your favor on sampling. And you didn't even start developing the Master Activity Schedule until the week after the Supreme Court ruled that you could not do it. That is why we are here. And you don't have the Master Activity Schedule that we can look at with you and determine if it is a feasible plan, if it is worth paying for. We are spending our taxpayers' dollars to get a service and our job is to see that we are getting the proper service. And you can't tell us what it is going to cost. We are here because the

Bureau simply refused, after repeated pleadings and threats and everything else for several years, to develop a plan for actual enumeration for all purposes. And from the very beginning, when you were first talking about doing both an actual count and statistical adjustment on time, it was questionable even then. Even a year ago, your own Census Bureau managers admitted that it was the single biggest risk in the 2000 Census is to try to do both on time. And that was when you only planned to count 90 percent of the people. Now that you are talking about that law, you have to count 100 percent in the actual enumeration phase, and that is exactly what the court has told you to do.

I am again absolutely frustrated. You don't have, you can't deliver to us a Master Activity Schedule, and you can't tell us what it is going to cost; and here we are trying to write a spending bill. Do you people understand how the government operates, that we have to find the money and pay for it, but we can't do it until you tell us what it is going to cost?

You are the Executive Branch, we are the people that try to find the money. This is the Appropriations Committee. We try to fund the agencies that are under our jurisdiction, and this is the only one, the only agency out of hundreds that we deal with, that just simply refuses to present a plan or to ask for money or tell us what kind of money they are going to need. I am absolutely puzzled. Maybe there is something going on that I am not catching. Can you help me with that?

Mr. PREWITT. Chairman Rogers, I arrived about 5 months ago.

Mr. ROGERS. You are I think the third one in the last—how long? In 4 years, I think you are the third census director in this Administration. They burn them out pretty quick.

Mr. PREWITT. I arrived 5 months ago, and was presented with the following situation: that the Census Bureau was expected, by congressional instruction, to have in place the capacity to mount either of two different designs. What I said publicly, not before this Committee—this is the first hearing—but what I said publicly was that it was my best judgment that there was going to come a point where you could not sustain two-track planning. By definition, there is a point where you can't do two-track planning. And when we hit that point—I said this in my confirmation hearing to Senator Thompson and his committee—when you hit that point, you can no longer sustain it.

In the meantime, we were continuing to go on both tracks. This is the result of one of those tracks, and it is a plan, and it is a plan that we can implement on April 1st, 2000.

The Supreme Court ruled before we hit that wall beyond which we could not stay on two tracks, but I can tell you that if that decision had been delayed, I would have been back before the U.S. Congress saying, the Census Bureau cannot be there anymore if you want a census in 2000. We actually are able to give you that census. We are able to give you a census with all of those things which you hoped that we would include: the better coverage improvement, the better outreach, the better address file, the better enumeration strategies. All of those things we are able to give you in that census.

And if this entire conversation is about the level of detail which I can specify today, then I just have to suggest that is not what my mind is on. My mind is on can we give you that census according to our constitutional obligation.

Now, I have said, and I will repeat, that I know that we put you in an awful bind not to have the budget numbers today. I do not think we put you in an awful bind not to have a Master Activity Schedule, but I do think we put you in an awful bind not to have budget numbers. I wish we had them. I wish we were complete.

The good news is we are going to complete that on a schedule which allows us to give this country a serious, quality piece of work.

COST OF 2000 CENSUS

Mr. ROGERS. Well, when will we know what it is going to cost?

Mr. PREWITT. As soon as we can present it to you.

Mr. ROGERS. Well, why don't you have it? Why don't you have the cost estimates? You know what you are going to do. You know the manpower it is going to require. You are not finished with a Master Activity Schedule, but you can give a fairly accurate estimate. Why can't we have a figure?

Mr. PREWITT. Because we want that figure to be as solid as we can make it.

Mr. ROGERS. Well, who is doing that? Who is putting together the cost figure?

Mr. PREWITT. If I could take just a minute or two to describe how we do that. We have within the Census Bureau something in this process that we call the lock-up room.

Mr. ROGERS. The what?

Mr. PREWITT. The lock-up room. It is a windowless room in the basement of a temporary building that was assembled for a VA hospital in the 1940s, out in Suitland. This windowless room has about 50 people in it. Those 50 people come from every part of the Census Bureau. There is somebody there from administration, there is someone there from the field division, there is someone there from contracts, there is someone there from all of the parts of the Census Bureau that have to go into a decennial.

What is happening in that room is that there is a big screen, and on that screen is this type of document, with its level of detail. And some line of activity gets put up on that screen with computer technology, and the line of activity says that we have to do something, some procedure; let us say, move 175 million forms in 5 days. And someone says, I know how we can save a half of a day. Good. How can we save that half of a day? We can save that half of a day if instead of having 15,000 laptop computers, we have 20,000.

Mr. ROGERS. Look, I don't want to cut you short. I am glad you have a—what is the room called?

Mr. PREWITT. A lock-up room, sir.

Mr. ROGERS. I am glad you have that. All I want is the figure. I don't care how you come up with it, so long as it is accurate. I don't even want to hear about that. I want the figure. We are ready to add the totals of what it is going to cost to run the Supreme Court and the Federal courts, the Commerce Department, the Justice Department and so on, the Attorney General's staff, all of these

things. We have their totals. We know what they are asking. The only blank space we have on the page is what is it going to cost to do the Census. I have been begging for this for 3 years, to three different directors we have said, please tell us your plan and the cost. And the time is up. The time is up. Give us your number. Tell me your number. I want your number. What is it going to cost? The people demand it. I want to know it. What is it going to cost?

Mr. PREWITT. Chairman Rogers, one of the things that you also requested, I believe, that is, the Congress requested, were some dress rehearsals.

Mr. ROGERS. What is the cost?

Mr. PREWITT. The dress rehearsal——

Mr. ROGERS. Please tell me the cost.

Mr. PREWITT. As the dress rehearsals explain, it is incorporated in our estimates.

Mr. ROGERS. Tell me your cost.

Mr. PREWITT. Chairman Rogers——

Mr. ROGERS. You are welcome here. But I will not tolerate a refusal of a demand from the Congress to tell us what it is going to cost to conduct our census, now.

Mr. PREWITT. Chairman Rogers, you said that you wanted an accurate number.

Mr. ROGERS. I want a number. I want an accurate number. You have been on the job 5 months, we have demanded this for 3 years, we paid for it a year ago. What is the cost?

Mr. PREWITT. Chairman Rogers, the accurate number is not ready.

Mr. ROGERS. I am absolutely flabbergasted. I have never seen incompetence in government equivalent to this. I am using incompetence as a nice term. The reason we are where we are is because we don't trust the Administration. That is sad. That is a sad commentary. It is shameful, because we have been misled too many times in other arenas, and then they came up with this idea—you didn't come up with it, it was in place before you got there—of using the sampling methods.

There are some wonderful people in the Census Bureau. I am not impugning the integrity of anyone, I don't intend to. I do not trust the operatives in the White House, and the way they are manipulating you is shameful. It is sad. I am embarrassed. It puts you, a professional person, in a spot that two of your predecessors have chosen to get up and leave, and I don't blame them. I am absolutely chagrined. I know how you feel. I sympathize with you, as I said at the outset. And I know you can't answer, because you are being told not to answer.

The Secretary of Commerce is in the same boat. He said, basically, he couldn't answer because it wasn't his decision. It is being made farther up the ladder, in the White House. So if the Secretary of Commerce can't answer these questions, certainly I understand that you can't. But it is a sad, sad commentary on our Nation.

Mr. Serrano.

Mr. SERRANO. Thank you, Mr. Chairman.

Mr. Chairman and my colleagues, I have been on this committee barely 2 months. I think. And, in that time, I had the good fortune

of joining the committee for the first time, the subcommittee, and coming in as its Ranking Member. And, amongst the things I want to establish here, which I keep repeating at every hearing and repeat them privately to the Chairman, is to continue establishing the relationship I have established with the Chairman, one of respect and admiration for the fact that he has been here 15 years on this Subcommittee. The Chairman, however, is fair enough to know that there will be a couple of issues we disagree on, and at the top of that issue will be this one.

I understand, Mr. Chairman, your role. Your role as an appropriator and Chairman of the Subcommittee is to make sure that we have the numbers and get the bill out. What I think that you did not tell us this morning is that this stopped being an appropriations issue a long time ago. The census issue became a political issue during the last census.

UNDERCOUNT ISSUE

You and I didn't do it; it was done by the former leadership of the Majority party in this House, the current Majority party. When the Census Bureau came back in 1990 and told us, whoops, we made a mistake. We did not count some people and we want to make adjustments to make sure that those people are counted, the issue did not become the undercount. The issue became the political question of who was undercounted and what that would implicate for political purposes and other purposes in this country. We can say whatever we want to these days, but that is a fact.

The fact is that if certain people in this country had not been counted, this would not have become an issue. You are hearing that from the district that was most undercounted in the Nation. At this very moment there is a press conference going on, being held by Delegate Norton, where she is bringing people who look very much like the people who were not counted in the last census, and her slogan for this morning is, "Once you see the faces of those who were not counted, you will understand why it is not important for some people to count them."

So I believe that it wasn't important to some leaders who are no longer around, thank God, to count those people. And there began this bashing of the Census Bureau in an attempt not to get those people counted.

EXPIRATION OF THE APPROPRIATIONS BILL

Now, we have deadlines. And we have problems. We are the only subcommittee with a bill that expires June 15th. The Chairman didn't do that, I didn't do that. The fact of life is, you want to blame some Democrats. You can blame the White House for that one. They made an agreement with the Republicans in the House to give us a deadline of June 15th.

Now we have two problems. We have to put together a bill, ongoing bill, and we have to deal with June 15th. Why? Because all of a sudden, the census has become the most political of items that we deal with. The thought that in counting some people, you may get an additional congressional seat somewhere represented by someone who may look like me or someone else in my district, has

created havoc in some of the constituencies that influence this Congress.

CENSUS PROBLEMS

So, we have to be honest in saying why we are here today. We are not here just because of the numbers. That is the Chairman's problem and my problem, the numbers. We are here because of the larger issue. The fact that the census wants—some people want to cripple the count so that the count is not what it should be. Well, some of us are going to continue to yell and scream about the fact that the count should be right. The court spoke. It didn't say what I wanted it to say, but it said something of what I wanted it to say. Did it create a problem? Maybe that is what the court did. The courts said, we can use both methods. So, you present to us a plan with both methods. I think that is fine to me. I don't have a problem with that as long as it gets to the count.

Now, we allocate dollars every year. We appropriate dollars every year, but the fact of life is that one of the few programs, if perhaps the only one that comes before us that is really talking about a 10-year process rather than just a year-to-year process is the census. The census is not a 1-year program. And, even though we may fund parts of it every year, we are looking at a 10-year program. So for me to tell you that I need the number today, well, that is okay, but I would rather the number you give me is the last number you give me. I don't want you to give me a number today and then come a month from now and tell me you need another number. That doesn't solve my problem. I would rather wait to get the correct number.

Now, we are told, and I think the Chairman used the word, that the sampling is not feasible. I think sampling is feasible for any count, be it the apportionment count for the regular, ongoing count. And, I don't have a problem with sampling. But, sampling became the political issue.

Now, this is the part that really gets me, though. On one hand, you have folks saying I need to get this done now, and I join that chorus. We need to get it done now. But on the other hand, there is another subcommittee that has come forth with bills, some of which I am crazy about. In fact, there is a bill here that says the printing of 2000 Census questionnaires in at least 34 languages and braille. That sounds like something I would have written up. I love it. Thirty-four languages. But, I know what it is going to do to the count and maybe it wasn't put forth to make me happy. Maybe it was put forth to create a problem. I don't know.

But, the fact of life is that while this subcommittee is saying get it done now, there is another committee saying send a second mailing out, do something about the local review. Print census forms in 34 languages and braille. You are not ready to do that yet, yet we want you, by tomorrow morning, to be ready to have this done.

You are a professional, so I am not going to tell you, Mr. Prewitt, that I feel sorry for you. Right?

Mr. PREWITT. Right.

Mr. ROGERS. When are you going to ask a question?

LEGISLATIVE PROPOSALS

Mr. SERRANO. I am going to take whatever time you give me, Mr. Chairman. And, if you give me half of the time you took, I will be able to ask him a question. But, that is up to you, in the Hershey spirit.

My question to you, sir, to make the Chairman happy, is even though you are a professional and I feel sorry for you. I realize that you are in a situation that no one should ever be put in. You can't answer some of these questions because, there is no answer. There are no answers for some of those questions right now.

But, let me ask you this one. Some of these bills that are floating around from another subcommittee, what problems, if any, do they present to you in putting forth what you have to do in doing the job you have to do?

Mr. PREWITT. Mr. Serrano, some of those bills, would they become law, present such serious, serious operational consequences for the Census 2000 plan, this plan, in ways I could describe in detail, that I have recommended to the Secretary of Commerce that he in turn recommend to the President that these are so serious in terms of what they could do to the census at this stage that the President should consider vetoing. I cannot make a stronger statement than that.

Mr. SERRANO. And, Secretary of Commerce Daley has also suggested that they be vetoed?

Mr. PREWITT. I believe that he wrote that letter to the Congress itself; yes, sir.

CENSUS UNDERCOUNT/OVERCOUNT

Mr. SERRANO. Now, what was the undercount the last time in numbers?

Mr. PREWITT. Well, the undercount, we missed approximately 8 million people, but we double-counted about 4 million people, so the net undercount is about 4 million.

Mr. SERRANO. Now, we know about the undercount. How did the double-count take place? The Members of Congress count in D.C. and in their home district?

Mr. PREWITT. In principle, that is the sort of thing that does lead to a double-count. We do have a very special procedure for the Members of Congress to try to make sure that that does not happen, but there are people, of course, with two residences, and they perhaps forget that their spouse filled out a form, or they do not ask and the spouse filled it out in one residence, and then they are in the weekend home and another form comes in, and they send it in a second time; or they may have children in college, and they feel like the kid is home all the time, and so they say well, he seems to be here all the time, I guess I better put him down. In the meantime, the child has been counted in his college dormitory.

So there are a number of issues which create the double-counting. They are disproportionately in those population groups which have multiple homes, which have children away at colleges and so forth. So we end up with what we call the double-count, the overcount.

ELIMINATION OF THE LONG FORM BY 2010

Mr. SERRANO. Now, looking ahead, Mr. Prewitt, I understand that your Bureau is in the process of trying to eliminate a long form by. When is it, 2010?

Mr. PREWITT. That is correct.

Mr. SERRANO. So it will be for the next census. There is no problem with bringing that up now. By the way, this is in the form of a question, Mr. Chairman, so that no one gets upset on my right. How are we doing with that? Will that take place?

AMERICAN COMMUNITY SURVEY

Mr. PREWITT. You are making reference here, I believe, to the American Community Survey, which is responsive I believe to preferences that this committee itself introduced some years ago about the long form as a possible confounding effect in the core census. So we have designed something that we call the American Community Survey. We have begun to do it. The research phase was in 1998 and 1999. That is very much on schedule. We are very pleased with the early results, and in our 2000 budget when we do present it, it will incorporate procedures that allow us to compare the results from the American Community Survey design, which is the same data as are currently in the long form, with the long form as it will be collected in Census 2000. It is very important to us to be able to calibrate collecting those information one way versus the other way.

If, as we fully expect, we will be successful in that calibration, we will learn what we need to learn about the long-form data which are all the demographic data, the poverty data, the language data, the employment data, the time-to-work data, the travel data and so forth, all of those data which are used in the Federal formula spending, then we will be back before this committee or the U.S. Congress with a recommendation that we feel the American Community Survey, starting in 2003, post all of our testing period, and it is, we believe, the most innovative thing that is going on right now in the American statistical system; that the long form will, by the year 2010, have been replaced—the survey data will have replaced the need to collect the long form. This means that in 2010, the only constitutional obligation that we will be dealing with is the obligation to count, and we hope we can get to either a postcard count or we make more use of administrative records. We will have a very simple counting procedure, because we are not trying to collect all the other data that we are now collecting on the long form.

The American Community Survey is on schedule, it is performing the way we had hoped it would perform, and we look forward to reporting on it in detail to this committee and other committees.

Mr. SERRANO. Mr. Chairman, before I give up my time, let me just say, Mr. Prewitt, I want you to give us numbers. I want you to give us numbers once and not have to come back again. I want you to give us the numbers when you are ready to do the job that we want you to do and which the Constitution mandates all of us to do. I want you, sir, to understand that on this side of the aisle, we understand well that your department is caught up in the most

difficult political fight. And, we will try to alleviate you of that political fight. But, we can't guarantee that, because this is a political fight at this time and it will go on for a while. In the meantime, we will try to do whatever we can on this side to make sure that you get a chance to do the job that you are supposed to do. We know you have the professional people to do that job and that you will do it right.

Thank you, Mr. Chairman.

Mr. ROGERS. Thank you.

We are privileged on the subcommittee to have been joined this term by a person who has a degree in statistics, who happens to be the Chairman of the Census Committee, authorizing committee, review committee, Mr. Miller.

Mr. MILLER. Thank you, Mr. Chairman.

Dr. Prewitt, good morning.

Just an initial comment to Mr. Serrano. I want to be sure we emphasize that we all share the common goal that we have everyone counted, and everyone counts. This subcommittee, prior to my joining the subcommittee, has given approximately $200 million more than even requested by the President to conduct the decennial census. So this subcommittee has provided the resources and support to do everything we can to minimize and eliminate—the goal should be to eliminate the differential undercount.

POLITICS AND CENSUS POLICY

But let me continue a little bit along the line of questioning from Chairman Rogers and Mr. Serrano about politics. Because sadly, politics is driving policy decisions at the Bureau, and it is seriously affecting the credibility of the Bureau, and that is a very sad legacy that this administration is going to leave, because there is a proud history to the Census Bureau, and how politics now is driving in many cases bad policy decisions and the credibility of the Bureau is being affected because they are having to defend some of these policy decisions.

Now, making that statement, I am going to go through six different issues that I think illustrate the politics driving policy. Chairman Rogers talked about one, and that is not being fully prepared, despite the law of the land back in the appropriation bill for 1998 and money given to be prepared for a full enumeration census. The law required it, but politics apparently said we are not going to get ready. If you were ready, we would have had all of these details by now. So the lack of preparation is directly related to not following the law that President Clinton signed, the appropriation bill for Commerce-Justice back in November of 1997. So it affects the credibility of the Bureau for not following the law. This is all politics.

The next issue I want to mention is poor legal advice you are receiving. For 6 years the Bureau has followed a plan that was illegal. We have been saying it has been illegal all along. Obviously you don't have good legal advice, and you are still following this poor legal advice, in my opinion. So we spent $1 billion getting ready for something that is illegal. We both attended the Supreme Court hearing on November 30th. It was very interesting, and my first time to visit the Supreme Court. The strongest argument the

administration could make was a standing issue and the standing issue was asking the Supreme Court to put off a decision until later. They did not argue much on the merits of the case—but they were really going into the standing issue—as if they were afraid to debate the issue.

Now we are proceeding along a two-number census, which, for purposes of redistricting is illegal. I am telling you right now that it is illegal and you are going to lose again in court, so I hope you get some better legal advice to follow that up.

On to the third item, and that is a two-number census. The Bureau has argued for years against a two-number census. You have used the words controversy and confusion to describe a two-number census. I can't imagine any public policy expert that says a two-number census is good for the date of April 1, 2000 and yet, after the January 25th ruling, the Census Bureau now says, well, a two-number system is okay. That is bad public policy, and I think most people would agree with that. But politics is driving the decision.

Now, let me go to the next one, the fourth issue, and that is the size of the sample and the way you are going to do this; you are calling it an ACE now. In 1990 it was a failure. It took a few years until they claimed they got some numbers. But they wanted to correct the problems in 1990 so they increased the sample to 750,000 and were only going to use households within a State. This was going to avoid this problem of contaminating numbers by using cross-State information that you talked a little bit about earlier. They made this strong argument that a 750,000 sample size, with housing units only within a State, is going to solve all of our problems. Well, come January 25th you are saying well, that is not exactly what you meant. Now maybe 300,000 will do it, and yeah, my district in Bradenton, Florida may be impacted by what happens in Georgia or North Carolina or South Carolina, we don't know exactly; but, you are going to regionalize the information, and once we get the details of the plan we will find out what States are being pooled together.

But you have had to in effect flip-flop, again because of politics, and that is affecting credibility. You argue for the 750,000 sample size using housing units within a State and then you flip-flop and say, well, we can do it with a sample of 300,000.

Then we go to the fifth issue. And that is, you have been saying that it is too late to make any changes. Everything is cast in stone. Well, last year when we were discussing the plan, they said well, we have to wait for the dress rehearsals. Those reports just came out last month. You said we have to wait for the Supreme Court; that came out January 25th. You have to wait for the Census Advisory Committee, which is an advisory committee appointed by the Secretary of Commerce; that came out January 22nd. The Monitoring Board, we want to get their records; they were released February 1. The Bureau wanted to get these reports, and now the statement is, well, it is too late, because it has all been cast in stone. The advisory board appointed by Secretary Daley recommended a post-census local review and they have been told it is too late.

You wonder if this was just a sham. Why are we having a census advisory board? It seems like it might even be apologies due to the

Census Advisory Committee, because it is too late to do anything since it is all cast in stone. Yet, as Chairman Rogers said, we don't have the numbers, we don't have the details, but it is all cast in stone.

Let me come to the last of my points about this credibility problem and how politics is driving the issue. And that is, when you appeared before the Subcommittee on the Census back on March 1, I asked a specific question, and I need to get it clarified. The question was: Would the post-census local review be hurt by ACE, and I have a quote here, but basically you said, No, it won't be, it is not related, that ACE will not be impacted by a post-census local review.

We did the post-census local review in 1990, and now I am hearing from Members on the Democratic side that post-census local review will hurt the sampling plan; but yet, in my committee you testified under oath that it doesn't affect it. So I am getting confused if the post-census local review does affect the ACE or not.

Let me ask you the question first. Clarify whether ACE impacts post-census local review, because the Democrats are saying it is going to destroy sampling, and you said, no, it won't destroy sampling, it doesn't affect ACE. So what is the correct answer?

ACCURACY AND COVERAGE EVALUATION (ACE) AND LOCAL REVIEW

Mr. PREWITT. Mr. Miller, I think as I recall the question the way you framed it to me in early March was: What is the relationship between the accuracy coverage evaluation survey and post-census local review? And I believe my answer was that the accuracy coverage evaluation allows us to correct both the count and the address list, and since post-census local review is primarily about the address list, there is a relationship between the ACE and the post-census local review with respect to finding out how well we did with respect to the household address list. I believe that is what my answer was.

I think you are framing that question somewhat differently now and I will be happy to answer—

Mr. MILLER. Let me just read the transcript here: "Let me have one final question and go back to post-census local review. What is the relationship to post-census local review and the ACE issue? Is there any connection between the two of these, the 300,000 sample? Does it impact the—because I have heard that, you know, one of the reasons you are opposing it is that it will make it harder to do the sampling adjustment. Is that true, or——Mr. Prewitt: No, sir, I do not know on what basis that would have been suggested to you."

Then I come back and say, "So the post-census local review has no impact, to your knowledge, on the 300,000 sampling process, right?" And you say "no."

Mr. PREWITT. I don't know if you have the rest of the transcript. I said, Unless what you have in mind is the way in which the accuracy coverage evaluation will help us. Do you have all of the transcript?

Mr. MILLER. "Because of the time factor, it is important to know that the accuracy and coverage evaluation is an accuracy and cov-

erage evaluation of addresses and people, right?" I don't know where the rest of the page is here.

Mr. PREWITT. I go on to try to explain the interaction.

Mr. MILLER. So, yes or no? I tried to get the answer last time. Will post-census local review affect the sampling, yes or no? Does it affect the ability to do ACE?

Mr. PREWITT. It depends on how we implement post-census local review.

Mr. MILLER. You can't implement it without it affecting ACE? There is a lot of flexibility to implement it, isn't there?

Mr. PREWITT. You have now introduced a bill which has the following features.

Mr. MILLER. Well, let me just say, could you design a post-census local review that would meet the basic goals of 1990, that would allow local communities to have some input into the final say that would not affect ACE? I guess that is what you are saying, is that correct?

Mr. PREWITT. No, sir.

Mr. MILLER. Well, see, you can't——

Mr. PREWITT. I didn't say I couldn't do it. We changed the question a few times, so let me do the best I can in trying to answer your question.

The bill that has been introduced by the committee has the Census Bureau returning to some—we don't know yet how many jurisdictions, with maps and housing counts on each block, August 1, giving those jurisdictions 45 days to report back to us. That takes us to October 1–October 4.

Mr. MILLER. If the number of days were changed, would it make any difference?

Mr. PREWITT. That is the point. I am trying to find out.

Mr. MILLER. I know my time has run out. I am confused whether we can do a post-census local review. I got the impression you said you could design one. It may not have the 45 days, and we have flexibility on it.

Other members are here, and not I do not want to use up all the time, but my problem is there is a credibility problem with the Bureau, and politics is driving the decision, as the Chairman said. You are the director, and the people higher up at the White House are apparently telling you what to do, and that is very sad, very unfortunate, and we still need to work and get the best census we can.

I would like to get more clarification about—about a post-census local review that would be done without affecting ACE.

Mr. PREWITT. Chairman Rogers, may I then offer to respond to Mr. Miller in writing with a more precise answer to that question? Because we have to frame the question just right to give the right answer. We would be happy to do that.

Mr. MILLER. I will write some questions that we can get a response to.

Mr. ROGERS. You are going to submit questions in writing?

Mr. MILLER. I will submit questions.

Mr. ROGERS. We will get the response in writing. Do we have a timeline we want to talk about here? You want a date?

Mr. MILLER. Right. You'll get back fairly quickly.

Mr. PREWITT. I think so.
Mr. ROGERS. Fairly quickly?
Mr. PREWITT. A week or so. About a year or so.
Mr. ROGERS. Fairly quickly is 10 years.
Mr. Dixon.
Mr. DIXON. Mr. Chairman, having just arrived and not being engaged in the debate or the dialogue, I don't have any questions but I would be glad to yield to Dr. Prewitt for anything he would like to say, if you didn't have enough time to respond to anything that was said.
Mr. PREWITT. Thank you, Mr. Congressman. Actually, if I may respond to a few of the statements that Mr. Miller made.
Mr. DIXON. Sure, be glad to.

FINAL CENSUS DESIGN

Mr. PREWITT. I think Mr. Miller would appreciate that there is, by definition, a date at which you can no longer change a census and still field it. There must be a date at which you can't change major procedures, that you can no longer field something which has been described correctly as the largest peacetime mobilization in history, which has to produce 1.5 million maps, which has to recruit and train more persons than are in the Army, Navy and enlisted personnel combined, which has to optically scan some 1.5 billion pages. There must be a moment where it is too late to change the fundamental design if you are going to implement it.
Now, the difference is at what point does that come? In my judgment, that point has come. Any major rearrangements to the fundamental design of the census at this stage will make it very difficult to be in the field on April 1 with a quality piece of work. That is my judgment.
And we can spend many hours, and I would love to spend the many hours that it would take, walking through this schedule procedure by procedure and explaining why. So I do think that Mr. Miller and I agree that at a certain point you must be able to just implement a design. So the disagreement is, when does that point come? We believe it is now. We believe that introducing major new procedures at this stage will put the census at risk.
Secondly, Mr. Miller talked about the difference in the sample design. The 750,000 sample design case was based upon what we felt to be a response to President Bush telling us to come up with a design that was more accurate and less costly than 1990. And the 750,000 cases allowed us to make State-by-State estimates for purposes of reapportionment. And when the Supreme Court said that was inconsistent with the statute, we no longer were under an obligation to do that. So the shift from 750 to 300 wasn't a flip-flop. It was a direct response to the Supreme Court decision. It wasn't a kind of theoretical flip-flop or policy change. It was what made the most statistical and operational sense, given the Supreme Court decision.

DUAL-SYSTEM ESTIMATION PROCEDURE

And again, Dr. Miller is a statistician, and I think that his differences with us are about the dual-system estimation procedure. It is not about sampling. I have had this conversation. We don't

have an argument about sampling as such. We all believe in the importance of sampling and use of sampling across our statistical system. So what we are really having a discussion about is dual-system estimation, and I would urge the opportunity perhaps to have a hearing on that thing because that is really what the argument is about. Am I correct?

Mr. MILLER. That is a significant part of the argument.

Mr. PREWITT. Yes. So in some respects, that is what we ought to be discussing rather than sampling in statistical methods more generally.

Mr. Miller has made reference to the two-number census. I do think that he himself has suggested, if I am correct, sir, that we are not arguing about whether a second number ought to be used for purposes of the Bureau of Labor Statistics or Federal formula funding in which it has been widely acknowledged that that may be a better and a more sound database for doing Federal funding and for constructing our national statistical system.

So we are not talking about two numbers. We are talking about a less accurate and a more accurate number. So the differences, I believe, sir, then, Mr. Miller, is whether the other number can be used for redistricting. So at least we ought to try to contain the conversation around where there is a difference, and it is not around two numbers as such, because Mr. Miller and other members have recognized that if there is a way to get your Bureau of Labor Statistics and your education statistics and your health statistics and your transportation statistics on a firmer basis and a more sound basis, it would be irresponsible of the Census Bureau not to provide that to this country.

That happens repeatedly. All through our trade statistics, we are constantly revising the numbers as we get better and better information and firmer estimates. So the fact that statisticians constantly are improving their data is not something new to this country. And indeed if we didn't constantly improve it, you would have us up here arguing with us, why in the world are you sticking with these old numbers when you know how to make them better? You would want an answer to that question. We know how to make that number better and we would like to give it to the country. So I don't think that the two number accusation—and I have asked to be put in the record the letter from the Commissioner of Labor Statistics, saying why the BLS has agreed to or decided on its own to base all of the labor statistics, all economic statistics, on the adjusted number after 1990. By the way, it didn't take us 3 years to find the error. It took us about 4 or 5 months, but not 3 years. And that is why the BLS decided to go ahead and base its data, its work, on the adjusted number.

I guess if I could—and I will stop. I appreciate this extra time. I simply——

Mr. DIXON. Haven't had any time recently, huh?

Mr. PREWITT. I just have to say for the record that I do not feel manipulated by the White House.

Mr. DIXON. Thank you. I was going to ask you about that.

POLITICAL MANIPULATION

Mr. PREWITT. I do not feel manipulated by anyone. I do feel that there are very, very many different organizations, agencies, advisory groups, oversight committees and so forth who would like to tell us how to do the job, and congressional committees and so forth. As I have quipped, if you forgive this quip, that when I came to Washington I was told that this was a very, very difficult, job and after I had been here a month or so I found out it could not be a very difficult job because I hadn't met anyone who couldn't do it better than I could.

Now I think it is because the stakes are very high that there are many people who would like to help us, but that is different from feeling manipulated for partisan purposes. I do not feel manipulated by either the Democratic or the Republican interest, by the White House or the Congress. I do feel like there is a high level of interest in this census, but political manipulation I do not feel.

Now, we have a problem. We are trying to put it together as fast and intelligently as we can. We believe we have a plan that will count the American people as best as we can do in 2000 without the additional support of other methods—and we can discuss this in great detail if you would like to.

Mr. DIXON. I don't have any further questions, Mr. Chairman.

Mr. ROGERS. Mr. Kolbe.

Mr. KOLBE. Thank you, Mr. Chairman.

Dr. Prewitt, let me begin by saying I am very disturbed by the comments that I heard made by the Ranking Minority Member that there have been leadership in the Congress that have attempted to make sure that people do not get counted. The statement was made that there was an effort to cripple the count to make sure that it is not what it should be.

I find those statements outrageous and frankly are just not true. They are false statements and that has never been the case. I think we have a difference of opinion about how this count should be taken, but there has never been a desire on the part of, I think, anybody, on either side of the aisle, to make sure we do not get an accurate count that can be made through the census.

I think Mr. Miller put his finger on a lot of the problem. I think that what is going on here is really undermining the credibility of this Census Bureau, and I am glad to hear you say you don't feel you have been manipulated. If that is the case, then there is certainly no reason for any of us to shed any crocodile tears for the problems that you are having. If there are any problems, they are problems, in my opinion, of your own making.

I find it strange and a little bit incredulous to suggest that there is not political involvement in the way the Census Bureau has come up with the proposals as to how it is going to conduct the census. After all, you are a part of the executive branch, part of the Commerce Department and part of the executive branch, and I do believe there is a political direction to what is going on here.

But let me, if I might, just ask a question. I am not a statistician. I am not an expert as either you are or Mr. Miller are in this area. But the question I have goes to sampling rather than what we were just talking about a moment ago. Let me begin by saying

you just made a point, I think, that is very important. If the Bureau of Labor Statistics and others can improve the kinds of data we get of employment, and the Commerce Department of trade data we get through sampling techniques, we should do so and I absolutely agree. Of course, we are always going to be trying to improve that kind of data. But I think it is important to recognize that for the most part you use fairly aggregate kinds of numbers.

This goes to the heart of the question that I want to ask when it comes to polling. All of us as politicians are fairly used to looking at political polls, and we all like to think to some degree we are pretty good at reading some of those political polls. And so if I look at a political poll that is done nationally, or even in my congressional district, we have some degree of confidence we can have, what the margin of error that is going to be.

But as a politician I immediately like to turn to the cross-tabs and I like to look at different information. And so in my congressional district I want to see how a certain group feels about the issue of, let's say, Social Security. And so I am going to look to the cross-tab and I am going to look to see what women who are between the ages of 35 and 50 and who are single and have an income over $40,000 and who live in the rural area and are Hispanic or Native American, how they feel about Social Security. Would you not agree that the margin of error rises rather significantly?

MARGIN OF ERROR AMONG CROSS-TAB AREAS

Mr. PREWITT. Each of those extra cross-tabs?

Mr. KOLBE. Yes, when you add each of those extra cross-tabs. My point has always been when it comes to the census, that is great—sampling can give us a better count nationally. Probably also at the State level. Even at the local areas. But ultimately the census is used, as you know, for—and we are talking here for political purposes now, it is used for, it is used not just for congressional redistricting but it is used in my area for the boards of supervisors or commissioners. It is used for the State legislature, of course. It is used for the school boards. It is used for the local city wards and so forth.

And so as each of those lines draw over each other, you get finer and finer areas. Ultimately when you do the sampling that you have to do, you have to end up locating the people you decided to sample in a particular place. You have to locate them somewhere so that I know exactly where they are. The courts in Arizona this last time decided that the districts would be drawn to—they decided since computers were capable of doing it, that the congressional districts would be drawn to precision where there would be zero differential. They couldn't divide the number by six. They had one extra person so one district got one more person. Otherwise, the other five districts were exactly the same number of people.

So you have to actually end up putting those sampled people in exact location if you are going to be able to do that. How can you do that with accuracy? How do you know that this person that you are going to put in this census block is a woman of this age and Hispanic and over the age of 35? How do you know that you have got the right person in the exact right place? You didn't count them. You sampled them.

MEASUREMENT AND SAMPLING ERRORS

Mr. PREWITT. Mr. Kolbe, in this kind of work, there is something we call measurement error and there is something we call sampling error. I believe your district includes Tucson. I was recently in Tucson. And someone drove me through a neighborhood, and in it was a street. There were a series of bungalows, small little houses, every house had an address. You think it is really going to be easy to count this block. And then they took me around behind. Every one of those houses had three or four trailers parked back there, with a migratory worker living with families, so forth and so on. You know your neighborhood much better than I do. None of those trailers had an address. Now, we have got to go find them. We have got to get behind and make sure we find them all. They are very hard to find. That is what creates measurement error.

And then there is something called sampling errors. You just referred to it, the confidence interval around any given sampling estimate. We therefore have to make a judgment about whether even down at the small area level, whether the sampling error is going to be smaller than the measurement error. And you ask us how we can make sure we get the precise number of people in each block. We aggregate those blocks up. Your district probably has, I don't know, say 6,000 blocks. By the time we aggregate those six thousand blocks up with sampling error, it is in the nature of the statistic—as Dr. Miller will, I think, agree with me—it is in the nature of that procedure that you cancel out the sampling errors; but the measurement errors add up, so at the end of the day you have a less accurate count of your district if we have to aggregate and add up all of those measurement errors, all of those places that don't have addresses and we are going to have a hard time finding them. So it isn't that we will be precisely correct. No estimate will be precisely correct. But the question is, which error is going to be greater for the purposes that we feel an obligation to kind of——

Mr. KOLBE. It has to be precisely correct, because when you draw all these lines, there is going to be one block that is all by itself. It is going to be the only one that is not in more than one of all the 15 or 20 different political subdivisions that I have got. So it has got to be exactly correct to have the right number in that block. So you have to make a decision.

Mr. PREWITT. Right. But what I am suggesting is that in that block if we have undercounted, say, 7 or 8 percent because of the difficulty of the address list, the resistance of being counted, all the hard-to-enumerate, hard-to-count problems, then we now have a block that is off by 7 or 8 percent. The question is whether we can get closer to being accurate in there using this method than the measurement method and the counting method. It is nothing more complicated than that.

USE OF COUNTS

Mr. KOLBE. I have one other question. I am not satisfied with that answer. Maybe Mr. Miller can help me understand it. Maybe he has got a problem too. I have one other question. That is, now that you have decided you are going to do this two-count, if you are

successful in doing this two-count, is it your understanding that every local governmental unit will be allowed to pick and choose as to which count they use?

Mr. PREWITT. The current law, as I understand it, is the Constitution of the United States and Title 13. The Census Bureau provides the most accurate count that it can. The decision of whether to use that count, whether it is one number or two numbers or more numbers, the decision whether to use that is a State decision, not a Federal decision, not a decision that the agency can make. A State can go out and do its own census for purposes of redistributing, drawing congressional boundaries, State legislative boundaries, county seats, whatever it wants to do, it can use whatever numbers it wants. That is not a Federal law. We are only obligated by law to provide the numbers to the State within 12 months of the start of the census date, March 31, 2001. The use of it is not our decision.

Now, as I understand the current prevailing law, any number we produce that is adjusted using our accuracy and coverage evaluation, the number that is unadjusted shall be reported at the same time and it will be to the same level of detail. That is, any jurisdiction in the country will have both sets of numbers, just as the Bureau of Labor Statistics had both sets of numbers and chose to use them more correctly. So the answer is we will make available to every jurisdiction both sets of numbers if that is what they want.

Mr. KOLBE. And so which of those is the official number? Or is it neither or both?

Mr. PREWITT. Both, right.

Mr. KOLBE. Both?

Mr. PREWITT. The official number from the Census Bureau will be the number that it believes to be the most accurate.

Mr. KOLBE. We know which one that is going to be.

Mr. PREWITT. Not necessarily, we don't know that. We won't know that till the time.

Mr. KOLBE. I think you have made it pretty clear which one you have decided is going to be the most accurate.

Mr. PREWITT. Mr. Kolbe, I have said and I will say again. I am under oath—I am not under oath. Nevertheless, if I may, I am under oath as far as I am concerned but even when I am not under oath, I would say that the probability is very high that the Census Bureau will believe that the adjusted number is more accurate than the unadjusted number. It is not certain. We may learn something. We may have a difficulty. Something may occur in the process and if that happens, we will call the unadjusted number the official number because we will believe it is more accurate. I do not think that is likely to be the case, but if it is, it will be the case. We will not report a number to this country and call it official if we don't think it is the most accurate number that we have available.

Mr. KOLBE. As far as you are concerned, a State could determine to use, for its purposes of congressional redistricting and perhaps legislative redistricting, use the sampling number, and could allow cities to use the actual—or rural areas, counties, to use the actual count because it comes out better for them. So that when you aggregate all those, you have got quite a different picture.

Mr. PREWITT. It is nothing that we control, have a position on. That is a State decision. That is not something the Census Bureau——

Mr. KOLBE. Is it not true—you said the States can make that decision but if a State decided, let's say, to take my State of Arizona where 60 percent of the population and the power in the legislature is now in Phoenix, in Maricopa County, if they decided that they would just by decree add 200,000 people to Maricopa County and they tried to use that for redistricting, don't you think they would run into a few legal problems?

Mr. PREWITT. I think they certainly would, but it wouldn't have anything to do with the Census Bureau.

Mr. KOLBE. But it would run into problems of Federal law.

Mr. PREWITT. Sir, I am not an expert on—whatever law would be at stake here.

Mr. KOLBE. Well, so you are going to in the end make a decision after you have done it as to which one you are going to designate as the official count; is that correct?

Mr. PREWITT. That is correct.

Mr. KOLBE. And you are saying at this point you have not made that determination?

Mr. PREWITT. We can't until we see the numbers.

Mr. KOLBE. I see. Thank you, Mr. Chairman.

Mr. ROGERS. Ms. Roybal-Allard.

DIFFERENTIAL UNDERCOUNT

Ms. ROYBAL-ALLARD. Thank you, Mr. Chairman. Mr. Prewitt, I am going to get a little more local in my questioning. A recent GAO report came out, and I believe it was commissioned by Congressman Miller, and the report showed that the biggest undercount—first of all, the biggest loser in the undercount was California, where we lost about $2.2 billion, and my district was the ninth largest undercounted area in the country. Were there any surprises that came out of that report or did it simply reaffirm what the Census Bureau already knew? And if not, are there any adjustments or anything that you are planning to do in order to address some of the things that came out of the report?

Mr. PREWITT. Well, we certainly have known and indeed the country has known that we undercounted in 1990 and that that undercount was differential by demographic group and geographic group, geographic location. And your State has a high concentration of the groups which are most difficult to count.

As the Census Bureau, of course, we don't do the kind of analysis which says what are the economic implications of the undercount. Certainly nothing in the GAO report surprises us. We would have been very surprised if the States which would have suffered within the GAO account had been those States which had low populations of Hispanics or low populations of African Americans or low populations of American Indians and so forth—been very, very surprised.

So in that sense, the results of the GAO analysis are highly consistent with where we know the differential undercount to be concentrated. We obviously feel very, very strongly it is an issue of social justice to try to reduce that differential undercount, and the

Census Bureau has spent a lot of time, a lot of energy, a lot of effort to try to come up with a set of methods that will reduce that differential undercount which will allow us—and that includes our outreach programs, our partnership strategies, our multiple language forms, everything else, in order to try to do something about that.

We have to say to the country that the proportion of the population which is difficult to count has grown. There are 33 percent more new immigrants in the country today than there were in 1990. The Hispanic population is up. The African-American population is up. The number of irregular housing is up. The number of highly mobile people, the number of single-parent households, which means no one is home, is up. All of the things which we know from our earlier experience make it difficult to find people have increased in proportion since 1990.

We will do the best we can to find those people and count them and try to get rid of the differential undercount, but we will not be fully successful for exactly the reasons I just explained to Mr. Kolbe. All of those unaddressed trailers back there are new since 1990. We don't have an address file. We are out there walking those blocks, pounding on those doors, walking in the alleys to try to find them. It is very difficult to find them all.

So it is a long answer, and I am sorry; but, no, the GAO report, the pattern of the results was not surprising, given we know what we know about the differential undercount. And secondly, we have put in place everything that we can think of that will try to reduce that differential undercount.

EFFECTS OF PAID ADVERTISING

Ms. ROYBAL-ALLARD. Also, Sacramento, California was one of the sites for the dress rehearsal, and it is my understanding that the paid advertising that was used had increased the awareness of the census in that area from about 28 percent to 80 percent. However, based on the 1990 census, we also know that awareness doesn't necessarily translate into action. In other words, even though people are aware of the census, know what it is about, doesn't mean that they are actually going to fill out the form and turn it in.

Can you tell me what is being done to address this problem so that not only is the awareness raised but that awareness actually translates into action?

Mr. PREWITT. If I could respond to that question in two parts. It is very important to understand that the advertising campaign is designed to increase the initial response rate. That is, response rates all across our surveys, not just those in the Census Bureau but across the Federal system and indeed across the private sector, they are going down. There is less civic engagement in this country than there was in 1990. So the response rates are going down. So the advertising campaign has tried to stop that erosion. The awareness and motivation are to try to get that response rate up.

The people who we are trying to get to fill out the questionnaires are not the difficult-to-count. That is, the advertising campaign won't reach into those alienated, anxious, fearful, highly mobile population groups, linguistically isolated and so forth.

So in addition to the advertising campaign to increase awareness, we have to go out and motivate those people. We have to go to their churches. We have to go to their community groups. We have to go to their schools. We have to go to where they are plugged into the society.

We have signed over 10,000 partnership agreements. We expect to sign close to 100,000. Many of those will be very, very effective. Not all of them, of course, but many of them will be. We have a Census in the Schools Program that is going to reach 100 percent of the schools. We have linguistically equipped people in our questionnaire assistance centers and our telephone centers. All of that has been put in place to reach the hard-to-count. But that is different from the advertising campaign which we hope will boost the initial response rate so that we have to find fewer people. But reaching the hard-to-count takes different kinds of strategies.

Ms. ROYBAL-ALLARD. So you are reaching out, then, to community groups and people and organizations that have the trust of these hard-to-attract people, groups?

Mr. PREWITT. Yes. We have spent a great deal of time on what we described as our partnership strategy and our outreach strategy, targeted primarily if not exclusively on the hard-to-count regions and population groups.

Ms. ROYBAL-ALLARD. Also, based on the dress rehearsals, was there any information that came out of those that was a surprise and where you had to make certain adjustments, particularly Sacramento? Quite frankly, I was surprised that Sacramento had been chosen for the dress rehearsal, but I understand it has all the characteristics that are needed. But was there any new information that came out of those dress rehearsals that perhaps the Census Bureau was not aware of and that you are now changing your techniques?

Mr. PREWITT. The most important thing that came out of the dress rehearsal was that the pattern that we feared would be there since 1990, that is, hard-to-reach and differentially-hard-to-reach, was reconfirmed. That is, the very problem we were trying to address with the accuracy and coverage evaluation on initial design persists and is indeed expanded.

The other very important thing that came out of the dress rehearsal experience for us is it identified infrastructure components of our design which had to be enhanced. Optical scanning, supervisory ratios, a number of operational components that had to be enhanced to go into the census period. That is what we are doing in that lock-up room is enhancing those procedures. That is why we don't have a number today, because until we have fully incorporated the results of that experience into our plan, we do not want to tell you how many people are going to have to be here between noon and 4:00 on a Tuesday afternoon and how many forms are going to be put in a truck and moved. All of that is the detailed work that we are doing.

The second most important thing that we learned from Sacramento is which of our procedures should be enhanced to make the census more robust and on a firmer footing.

USE OF CENSUS COUNT

Ms. ROYBAL-ALLARD. Let me have some clarification in some of the responses that you had to some of the other members. Is it my understanding, then, that you come up with the most accurate number, which you would call your official number, but that States and local governments are under no obligation to use those numbers for any purpose? It is entirely up to the States?

Mr. PREWITT. The State can generate its own internal obligation, its own rules and its own Constitution, but that has nothing to do with the Census Bureau. The Census Bureau is obligated to produce the most accurate statistics it can for this country. The use of those numbers is then left to the political and legal processes. It is not a Census Bureau policy. The Census Bureau certainly would prefer to call the most accurate number the official number whenever we can. But that is a number that is changing all of the time as we continue to improve our work.

Ms. ROYBAL-ALLARD. And then there was some question about using two numbers and having two numbers and the confusion about that. If you were just to use the actual enumeration, just the one figure and not to make any adjustments—or I guess that was step two—if we were to eliminate step two, what would be the results? In other words, would then we as a country, as Members of Congress, economists and everyone, would we be using numbers for which we had no way of knowing the accuracy, how close we were and so we would be in this guessing game of developing our labor statistics, our economic plans? Everything would be then based on a guess without any understanding of how close we were to the actual numbers?

Mr. PREWITT. I am afraid that is the case. That is, if we did not do the accuracy and coverage evaluation and the only number we had was the number that we had by the end of 2000 itself, that is, there would be no way for this country to know how we did—when this country debates the undercount and the differential undercount, it is debating the results of work that the Census Bureau has done. This is the agency in the country that produces a report card on its own performance. So when the country has a discussion about how well we did in 1990, it is basing that on work that we ourselves have produced. We take our responsibilities so seriously that we report our levels of inaccuracy as carefully and fully as we try to be accurate in the first place. It is the kind of agency we are.

Ms. ROYBAL-ALLARD. So it is actually in the best interest of the country to evaluate those numbers and to readjust and then provide us with the most accurate information possible?

TWO-NUMBER CENSUS

Mr. PREWITT. I would think it would be in the interest of the country to know how well we did in 1990, 1980, and of course again in 2000. If I could give one small footnote on the two-number conversation. In 1990 it was a two-number census, not about the issues that you are thinking.

What we do in every year, 1980, 1990, 1970, we count the overseas, the federally-employed personnel; that is, the military, Diplo-

matic Corps and so forth. For purposes of apportionment, we include that in the counts. For purposes of redistricting, we take it out. We have been doing that for years. No one is worried about it. That is two separate numbers. One is official for apportionment purposes. The reason we put them in for apportionment purposes is we can locate them in the right State. The reason we take them out for redistricting purposes is we can't allocate them within the State. So for redistricting purposes we can't have them in there.

That has been going on for years. That is a two-number census. One official apportionment number; a second official count for redistricting. It has never created a lot of confusion or consternation and so forth. The idea that two numbers are necessarily more confusing than a progressively more accurate number, this is a case where the most accurate number for reapportionment includes the overseas military but for redistricting excludes them. So the Census Bureau produces what it considers to be the most accurate number for those two different purposes.

Ms. ROYBAL-ALLARD. Thank you.

STATE USE OF CENSUS COUNTS

Mr. ROGERS. Thank you. Dr. Prewitt, well, your determination is to leave it to the States or localities to decide which of these two numbers they want to use—that is your goal, as I understand it?

Mr. PREWITT. It is not my determination. It is a State decision, not a Census——

Mr. ROGERS. But your goal is to leave it to the States to decide which of the two numbers to use, correct?

Mr. PREWITT. That is not a goal. That is the law. It is not my law. It is not the Census Bureau's law. It is the State law that would decide if it wants to use the number.

Mr. ROGERS. What I am driving at is it is your policy that whatever the States do with these two numbers is their business, correct?

Mr. PREWITT. Correct.

Mr. ROGERS. If that is so, then the only way to achieve that is for you not to declare any of these numbers official because many, if not all, of the States' laws, either by State constitution or statute, require them to use the official U.S. census number in their redistricting operations. So if it is your policy to leave the decisions strictly to them to decide how they want to do it, would it not be the best thing not to declare either number the official number?

Mr. PREWITT. Chairman Rogers, that law is a State law. They can use it, change it, do what they want to it. That would not be a Census Bureau law. We have a policy, not a law. We have a policy and we intend to honor that policy and we have been doing it since 1790, to present to the country what we believe to be, at any given time in a process of constantly trying to improve, the most accurate count we can come up with for different kinds of purposes and they vary from purpose to purpose; and that, in effect, would be the official number for that purpose.

Mr. ROGERS. Well, you are making lawyers happy. They are seeing dollar figures. Lawsuits after lawsuits after lawsuits, as Dr. Miller has said, because the credibility of these numbers is going

to be so confused by your giving two numbers for different purposes and it is astounding to me that we are at this point.

You wanted to clarify something?

Mr. MILLER. Just a clarification on this two number issue. So on December 31 or before that date, you will release statewide numbers based on the full count, right?

Mr. PREWITT. Correct.

Mr. MILLER. Before April 1 you will release two sets of numbers by census block, one being the full count, the other one being the adjusted number; is that right?

Mr. PREWITT. The full count minus all the errors that we know that are in there; but yes, correct.

Mr. MILLER. It would be two sets of numbers released by block, right?

Mr. PREWITT. Correct.

Mr. MILLER. One time you said if they want. And I want to make sure they will have the data.

Mr. PREWITT. The data will be available in whatever form as best we can provide it, in whatever form the States want it. We are probably going to do it on CD-ROM and most States are happy to have it that way.

Mr. MILLER. They will have access to all the block information, both sets of numbers?

Mr. PREWITT. Correct.

Mr. MILLER. I thought the Secretary of Commerce said they would both be official numbers. Are you saying only one would be official and one will be unofficial? I am confused by that.

Mr. PREWITT. I am not sure. I don't know what the reference is to the Secretary, but let me say the Census Bureau's policy has always been, as I say, for 200 years is——

Mr. MILLER. You have only done two numbers once. This time.

Mr. PREWITT. No, no. I just said a minute ago we did two numbers in terms of putting the overseas military in and out. We have done that whenever it has been appropriate. The Census Bureau, like any major statistical agency, is constantly improving as it corrects, finds errors, improves its methodologies and so forth. Any given statistical series has the property that it is often being improved as you go. And depending on how they are being used, we would say for these purposes, this is the most accurate number.

We believe, and as I said to Mr. Kolbe, and I do not want to play any kind of word game, it is our judgment today that the more accurate number in the spring of 2001 will be the adjusted number using the accuracy and coverage evaluation. It may not be.

Mr. MILLER. We are going to have one official number—would you clarify that if I am not——

Mr. PREWITT. One official number.

DELETING PEOPLE FROM THE COUNT

Mr. MILLER. As Mr. Kolbe was asking about, you really work with census blocks, 6, 7 million blocks in this country and you are going to have to add people and delete people from a block based on the statistic, right?

Mr. PREWITT. In using accuracy coverage evaluation, yes.

Mr. MILLER. You are actually going to delete people after they have been counted?

Mr. PREWITT. No, never. We will not delete any record from the census.

Mr. MILLER. In 1990 they deleted people.

Mr. PREWITT. I would have to check on that.

Mr. MILLER. Look at Long Island or Bucks County, Pennsylvania.

Mr. PREWITT. We do not delete records from the census file. Anyone who fills in a form, or any other way we get it, once it is in the census records, it will not be deleted.

Mr. MILLER. You are not deleting people when you do the adjustment process, you are saying. Once the official number is there, and say there are 500 people in the census block, it would never go below 500 people after you have had the official count; is that right? My understanding is you actually delete people. You did in 1990.

Mr. PREWITT. I am sorry, I will have to go back and give you a report on what we did in 1990. We do not delete census records.

Mr. MILLER. But you are going to add individuals. Correct me—Mr. Kolbe said you may have to add a Native American to this census block or you may have to add an African American male to this one. You add individuals to a block when you do your adjustment, right?

Mr. PREWITT. We create an arithmetic adjustment that gives the States, if we are reporting this back to the States, our best estimate of the population size of a given block.

Mr. MILLER. But when you adjust it, you will add people but not delete people from the original count?

Mr. PREWITT. The arithmetic adjustment that we will do does not sort of add individual cases or subtract individual cases, it comes up with a point estimate of the number of people that we believe is the most accurate number of people who are on that block with people of that characteristic.

Mr. MILLER. So you will be adding or subtracting, I think? You will be subtracting?

Mr. PREWITT. But not census records. Very important. That is really very important. I want to make sure the record indicates that.

Mr. MILLER. You will subtract—if a block has, say, 100 people, on average you should only have 95 people, we will make that 95.

Mr. PREWITT. Correct.

Mr. MILLER. So you will reduce the original count to an area——

Mr. PREWITT. Arithmetically, but we will not be subtracting out five records.

Mr. MILLER. But you will be deleting——

Mr. PREWITT. It is really not the same. It is so important for me to argue——

Mr. MILLER. You are not deleting.

Mr. PREWITT. We are not deleting census records.

Mr. MILLER. You are deleting within a block—that is a very small area. What is the average size of a block?

Mr. PREWITT. Thirty households. About 6,000 blocks per congressional district.

Mr. MILLER. So if a census block has a count of 50 people, all right, we go—and that is the full enumeration number—by adjustment you can come back and say we counted 50 people but on a statistical average we shouldn't have that many people. We will say there is only going to be 48 people.

Mr. PREWITT. Correct.

Mr. MILLER. But that is deleting people. Not individuals but—you have to delete an African American male, a Hispanic female? You delete it by that detail for all 6, 7 million blocks? You have to, I guess.

Mr. PREWITT. Yes.

DUAL-SYSTEM ESTIMATION

Mr. MILLER. So you are going to have accurate enough statistics with 6, 7 million blocks to say—I think we need to add 2 African American males in this block but we want to subtract 2 female Hispanics out of this block. So you are going to be able to do that for all 6, 7 million blocks based on the sample of 300,000.

Mr. PREWITT. That is what the dual system estimation allows us to do. But you are a statistician, you appreciate that.

Mr. MILLER. But I think it is impossible.

Mr. PREWITT. Sit down and spend some time with us on the design, Mr. Miller. I would love to do that.

Mr. MILLER. It is an impossible dream to get the accuracy you want. I feel very confident you are going to lose for redistricting purposes in the court. You are selling snake oil. You are going to lose in the court.

Thank you, Mr. Chairman.

Mr. PREWITT. Mr. Chairman, may I just quickly speak on this? As I can go back again, the problem is not whether we are going to be perfect. We know we are not going to be perfect. The problem is whether we are going to be closer to the true number using dual-system estimation. They are not. Mr. Miller, I really do not think it is snake oil. We may have a difference about dual-system estimation, but it is not snake oil.

Mr. MILLER. Snake oil is that it is going to lose in the courts and while all the confidence is being put in sampling. Sampling is going to be ruled illegal for redistricting, as it was for apportionment. What do you have? You are not going to have any post-census local review or more languages because all you are relying on is sampling. That is my snake oil argument.

Mr. PREWITT. No, sir. That is not all we are relying on. We have a plan which we can talk about in great length, which we believe will give the most accurate count that we can reach without statistical methods in the year 2000, and if the States want to then use those numbers for redistricting, they will. If the court rules that is what has to happen, it will. We still will believe in an accuracy and coverage evaluation purpose for statistical purposes beyond the year 2001. We will believe very strongly in it for exactly the reasons you have acknowledged yourself.

USE OF BLOCK INFORMATION

Mr. MILLER. The problem is block information, and that is what Mr. Kolbe was raising. That is what you use for redistricting, block

information. And I was in Tallahassee last week. It was interesting. I stopped by the Subcommittee staff that is getting ready for reapportionment. You have probably seen these computers. They draw these lines. It is all based on block. You are going to add or delete basically individuals, not a specific named individual from each of those blocks, and it is a mind-boggling task that on the accuracy alone, the courts will throw it out.

We were at the hearing of the Supreme Court back in November and Justice Scalia said, Are we creating a whole new area of census law? He is right, we are creating this area of census law. Every community is going to pick and choose, Oh, I don't like that number. Oh, I want this number. That is the sad part of this census.

Thank you, Mr. Chairman.

SECOND MAILING

Mr. ROGERS. Well, the Census Bureau is the only group of people I know who is capable of statistically justifying saying 1 and 1 don't equal 2, it equals 2.38 or something like that. I think the courts are going to bring us back to our senses, S-E-N-S-E-S.

Dr. Prewitt, for 3 years we have been told by the Bureau that a good mail response rate is critical for two reasons: one, mail responses are most accurate; and, two, it saves time and money. And for 3 years the Bureau assured us that they had a plan to achieve a 67 percent mail response rate which would be 2 percent better than 1990. A critical improvement was to use a second replacement questionnaire to get people to respond. How much of your goal of 67 percent mail response rate was contingent on the second mailing?

Mr. PREWITT. Our best estimate was the second mailing would add about 6 percent cases, so 6 percent. I mean, from 61 to 67 would have been the result of the second mailing.

Mr. ROGERS. Did you test that—did you have a second mailing in the dress rehearsal?

Mr. PREWITT. Correct.

Mr. ROGERS. What impact did it have on the response rate in both cities?

Mr. PREWITT. Our best estimate—it is somewhat difficult, as you can appreciate. It is awfully hard to know whether the person who sent in the second one would have sent in the first one if they hadn't gotten the second one, and so forth and so on. Our estimation is we are right on the mark. That is, 6 percent; and maybe, Sacramento, there is one way to interpret the data which would suggest 8 percent.

Mr. ROGERS. My information was that in South Carolina at Columbia there was an 8.2 percent increase and in Sacramento a 7.5 percent increase. Is that accurate?

Mr. PREWITT. Right. But what I am saying, sir, we tried to do research on that. I am not going to quibble about the numbers. You can't tell exactly how many of those would not have come in anyway, but say 7½, 8 percent.

Mr. ROGERS. That is substantial.

Mr. PREWITT. Absolutely. Even if it is 6 percent, it is substantial.

Mr. ROGERS. It was very successful. But you deleted that now, have you not, in your 2000 plan, the second mailing?

Mr. PREWITT. Correct.

Mr. ROGERS. Not going to do that?

Mr. PREWITT. Correct.

Mr. ROGERS. Even though it will reduce the accuracy substantially?

Mr. PREWITT. We think by including it, it will increase the inaccuracy substantially or we wouldn't have eliminated it. We wouldn't eliminate something because it reduced accuracy. We would only eliminate it because it increased inaccuracy.

Mr. ROGERS. You have lost me now. If doing a second mailing would increase the response rate by 8 percent, why is that not a good thing?

Mr. PREWITT. Because it also increased substantially duplicate responses, duplicate returns. Duplicate returns are very difficult to get out of the file. There is something like—our estimate if we did a blanket mailing in 2001, the number of duplicate forms would be something like 3½ to 4 million. Now, when people send in two forms—you know, there are two reasons we didn't do it, Mr. Chairman. One was—let me talk about that one first, then get back to the duplicate form. One was public confusion. People didn't like it, just like you and I don't like if somebody sends us and then we respond and then a week later we get another thing from that place saying, Why didn't you answer? I say, I already answered. Can't those guys read their mail?

You create a real problem with blanket mailing because a blanket mailing goes out to, after all, 60 percent of the households of this country, which is about 70 million households who have already responded. They are going to be angry with us.

TARGET SECOND MAILING

Mr. ROGERS. Originally you were only going to send the second questionnaire to those households that did not respond to the first one.

Mr. PREWITT. That is the targeted mailing, yes. The targeted mailing, we have eliminated that procedure for the following reason. Our contractors looking at the problem, examining it, the gap in time that it adds to our schedule is about 4 or 5 weeks. The reason is you can't send out the targeted mailing until you are certain that everybody who is going to send the first mailing in has finished. Then you have got to find those addresses. You have got to readdress and remail. The problem with that delay is nonresponse follow-up, which is a very critical part of this process, is then delayed by 5 or 6 weeks. The deterioration in the data and nonresponse follow-up starts almost immediately. I cannot say strongly enough, we have got to locate people where they lived on April 1. Memory begins to degrade. Mobility begins to take place. Those things will degrade the quality of nonresponse follow-up. So for a procedure that may add some cases, it will either create duplicates, which are errors that we then have to fix, or it will degrade the entire nonresponse follow-up strategy if it were a targeted mailing.

Mr. ROGERS. In order to make up for that expected 6 to 8 percent drop in mail response rates, in order to go out and find the people that would have shown up on that second mailing, you have got to

spend a lot of extra money to hire additional enumerators to go find these people, do you not?

Mr. PREWITT. Correct. But if we mailed the blanket mailing, again, I think that number as I recall—because we have got to re-address, remail, pay postage, reprint forms and so forth—I think that number is close to 100, about $110 million. So it is not the response rate that has increased. You have got to do that as a net number, not as an absolute——

Mr. ROGERS. If you do a target mailing only to those that did not respond the first time.

Mr. PREWITT. And then run the risk of all of the errors that are going to be introduced in the nonresponse follow-up by delaying that by 6 weeks, we are in the middle of the summer? That is a very serious——

Mr. ROGERS. Thirty days. My information is it would take about 30 days more time than planned to do the target mailing.

Mr. PREWITT. We then would have to wait. It takes about 30 days before we could remail. We then remail. Then we have to wait for those to come in and we have to code those, optically scan them, make sure they are part of the address list before we go out into nonresponse follow-up. So the total elapse time is 5 to 6 weeks.

Mr. ROGERS. What is bad about that?

Mr. PREWITT. The fundamental design of the census is a mail-out/mail-back design. We are going to send this form with first an announcement letter, then the form to 120 million addresses. It is very, very critical that we understand this is based upon mailing.

Mr. ROGERS. Stay on track with me here. What is bad about the 6 weeks delay in the second response?

Mr. PREWITT. After we get the responses in, we have to go out and knock on the doors of that 40 million households which did not respond. Now, 6 weeks after April 1, or 9 weeks after April 1, or even a day after April 1, things begin to degrade. Houses get torn down. Apartments get converted. People move. People forget who their roommates were. All of the characteristics that make it difficult to measure people are harder to measure 6, 7, 8 weeks after the fact than the day of the fact. That is what is at stake. We think we would have more errors than we would gain with a targeted mailing. If we thought that the targeted mailing would give us a better result at the end of the day, we certainly would do it.

Mr. ROGERS. If you do the second mailing and it delays you, as you say, 6 weeks, my information is 30 days, it will add time to the schedule, thus cutting into the time for statistical adjustment.

Mr. PREWITT. I promise you that the decision about the targeted mailing is a decision about the quality of the nonresponse follow-up data. That is just the way we have calculated that.

Mr. ROGERS. Well, if you do the blanket mailing and you get some duplicates in, that can be handled by the computer, can it not?

BLANKET MAILING

Mr. PREWITT. There are two things about the blanket mailing, one of which is the—and I don't know how we will handle it, and I am happy to have advice of this Committee—how we will handle the public anger, skepticism of 60 million households, to get a sec-

ond form after they mailed it in. They are going to say this Census Bureau doesn't know what it is doing.

Mr. ROGERS. Listen, people get junk mail all the time. They will consider this junk mail, I guarantee it, whatever it looks like.

Mr. PREWITT. That is very distressing to me. We have done everything we can to try to separate it. If the country decides this is junk mail and if the U.S. Congress decides this is junk mail, we are going to have a difficult time doing the census.

Mr. ROGERS. I don't consider it junk mail. None of us do, but a lot of people do. You are not going to offend very many people. Don't worry about offending people. Dismiss that for the moment.

Mr. PREWITT. We had a dress rehearsal in which we tested this. We offended lots of people.

Mr. ROGERS. So what?

Mr. DIXON. The argument shifts.

Mr. ROGERS. Why is that a bother to you?

Mr. PREWITT. We just had a long conversation about the credibility of the Census Bureau, and now we are going to say to sort of roughly 100 million people in the United States that the Census Bureau can't even sort of record their response.

Mr. ROGERS. If it made them mad, it must have worked because you got an 8.2 percent increase in response rates in South Carolina, and 7.5 percent in Sacramento.

Mr. PREWITT. Those aren't the people it made mad. It made all the people mad that already sent their form in. Just like it would make any of us mad if we constantly get asked for something we have already done.

Mr. ROGERS. Pardon me. What you are doing is not a PR thing. We are trying to count people. And it bothers me that what I am perceiving that you don't—you are not going to do the second mailing because it is going to eat into your statistical sampling adjustments procedure, and that bothers me because we are sacrificing an actual enumeration procedure which is a substantially good one in favor of trying to just simply guess; and in many blocks, as you told Mr. Miller, actually deleting people that you have actually counted.

Mr. PREWITT. The decision to not do a targeted mailing or second mailing, blanket mailing, was made well before the Supreme Court decision, well before the Supreme Court decision. We had no idea what the outcome was. I understand this is your perception. I have to say it is an incorrect perception. That is a procedure which we have eliminated because it produces more error than it eliminates. Four million duplicate forms are extremely difficult to find, because one form says Joseph Smith; the other one says Joe Smith. You have got to figure out if that is the same person or not the same person. Sometimes they manage to put their child in who was at college. Sometimes they didn't. The forms are not going to be identical when they come in. Four million duplicate forms is very difficult to find. It simply is not a procedure that we decided to accept or reject based upon the A schedule. It is simply an incorrect perception, or else why wouldn't we have done it months ago?

ADDRESS LIST

Mr. ROGERS. In 1990 the poor quality of the address list, I think we can agree, was a major cause of both cost and accuracy problems?

Mr. PREWITT. Correct.

Mr. ROGERS. We spent $182 million to develop the list but still missed or miscounted, by most estimates, 5.5 million households. We sent enumerators to 13.4 million housing units that were either vacant or didn't exist, to the tune of $317 million, 39 percent of the total spent on non-response follow-up. Improving that address list was to be a major success story for the 2000 Census and we invested enormous amounts of money in that, but it doesn't appear that that is going to be the major success story that we had thought.

There have been major problems. In fact, we had to give you over $100 million in the last 2 years just to try to fix them. But now we are told that the best we can hope for is that it isn't any worse than 1990. Because of the expected poor quality of the address list last month, your own Census Advisory Committee recommended that you conduct a post-census local review program so that local communities wouldn't be penalized yet again in 2000 as they were in 1990 because of the problems with your address list. So why have you refused to implement that recommendation?

Mr. PREWITT. Mr. Chairman, as I said earlier in my comments, the Census Bureau really does appreciate the support of the Congress with respect to reengineering the master address file, and I do think it is a success story. We have put together a much, much better address file than we had in 1990. We have block-canvassed every block in this country. We have had people out walking, trying to find those trailers behind the houses and so forth and so on.

Now, one of the issues that was on the mind of the Advisory Committee was that the master address file has to be completed by midsummer in order to address all of the forms to get our mail labeling. What they said, that will miss new construction. So we have now worked hard with the Advisory Committee, and also based upon our dress rehearsal results, to make sure that we can get new construction in, up to and including April 7, 2000. So that we had in place a procedure to do that called a "postal casing check" which we are doing with the Post Office, but the judgment of many people of the postal casing check was that the Post Office would not do that well. So we put in place a new construction procedure, and we believe that the address list that we will have when we actually go into the field on April 1 is absolutely as accurate as any agency could ever expect to get. We are talking about addresses that change every day. We are talking about houses being torn down, houses being built, conversions of old warehouses into residential units. We are talking about apartments that used to be two and now they are four. It is a constantly moving phenomenon. I am convinced that we will have a better address file by far than we had in 1990.

POST-CENSUS LOCAL REVIEW PROGRAM

Mr. ROGERS. Well, your advisory committee, as I say again, recommended that you include a post-census local review program. My perception is that you followed their recommendation on the new construction program but did not follow the recommendation on the post-census local review program because it would cut into your time that you need to do statistical adjustment. Can you dispute that?

Mr. PREWITT. This is the exchange we had. The post-census local review, indeed I think the same advisory committee urged strongly that that not be the subject of legislation, and as I think Congressman Miller's staff must have reported to him.

The reason for not doing the post-census local review in our judgment is that it does two things: One, it is a complicated difficult procedure. We may be dealing with as many as 20,000 different mayors in a space of 18 working days. That is 1,000 a day which are saying, Oh, we think there are more people here, and we do not know for certain how in the world we would be able to deal with that in that time frame.

Now, the thing that we would be giving them in the post-census local review is exactly the same address list that we would have been giving them that we had ready on April 1. That is the one that we created with them. We put in place in response to our 1990 experience a very detailed local engagement with jurisdictions. Over 86 percent of the addresses of the United States have not been part of that program. I have a whole file here of all of the things that we are doing with that procedure. This is our address reengineering strategy. So it is not as if we did not hear the experience of 1990 and create a system that would give us the best address file, using the input of local jurisdictional leaders, mayors, county superintendents, tribal government chairmen and so forth.

Now, if what we are going to give them is the same address list that we have already done, there is not much to be gained except a complicated procedure late in the census stage. The reasons for not doing it, I simply go back to what I said before. We decided not to do that prior to the Supreme Court decision. It has nothing to do with that—it was a decision—125,000 people added in 1990 and what everyone experienced, including the Director of the Census, Barbara Bryant, who testified before Mr. Miller's committee on the fact that it simply did not work very well, it wasn't a very effective procedure; put in place a better one. We have now put in place a better one with your support and it is support we very much appreciate.

Mr. ROGERS. Does anyone else have any questions they would like to bring up? Mr. Serrano, you are recognized.

CLARIFICATION OF COMMENTS

Mr. SERRANO. Thank you, Mr. Chairman. Mr. Chairman, I have a couple of questions. First, Mr. Chairman, however in the most diplomatic way I feel compelled just to make a brief comment on Mr. Kolbe's comments about my previous comments. I am sorry he is not here. Obviously he felt that my comments were not true. He

must have not been, and I am pretty sure was not, involved in the maneuvering at that time.

But, I think we need a historical perspective, Mr. Chairman, of what it was I was talking about. I was talking about a period of time when the meanness level on the House floor rose to an all-time high. It was the time when appropriation bills, if you recall, Mr. Chairman, would go to the floor and people would try to amend them, saying unless you could come up with a green card, you would not get any disaster aid during a flood or an earthquake. It was the highest moment for the U.S. English movement. It was the highest point for everything from trying to do away with congressional districts represented by African Americans to all kinds of other bashing on the House floor. And with that historical perspective in mind, I can understand why some people felt that the least thing we wanted to deal with was counting people who were precisely the people we were bashing. So that became part of that behavior at that time.

With that in mind that, I bring it up. I have no doubt in my mind that some folks, who are no longer here, and maybe some who are still here want certain people counted because it is right against everything they were doing at that time.

CENSUS OF PUERTO RICO

I do have, Dr. Prewitt, some issues to discuss with you too, very brief ones. One of the issues I have been working on many years now is to try to include the 4 million American citizens who live in Puerto Rico in our census count. I realize that the constitutional mandate is to count people within the States and that is clear. But the Constitution did not envision, when it was written, American citizens living in territories or in places other than States. I think it is proper, not only for this discussion but for other discussions, to maybe revisit and reanalyze and reinterpret what the Constitution says.

Now, I understand that the census this time will include a count from Puerto Rico. I would like you to tell me what the count will look like in terms of what it will be used for, how it will appear, and will those figures be used for any national figures? For instance, the most important national figure for me is when the census says there are whatever, 25, 30 million Hispanics in this country, will there be an asterisk for the other 4 million or will that 4 million be added to the 25 or whatever? When the census says Americans own 1.3 TV sets per household, it is probably 7.9 but—you know, 9.3 pairs of shoes, whatever, will that include the figures from Puerto Rico? What will those figures be used for and how far can you take them?

Mr. PREWITT. Congressman Serrano, the good news about 2000, it is the first census where the form, the census form is identical in Puerto Rico and the mainland. That is extremely important because when you are tabulating data, if you have got a different form for Puerto Rico or for the islands than you have for the 50 States plus the district, it is very, very difficult to kind of coordinate those in a way that you can tabulate them in the way that you are suggesting. So the most important thing to say is the 2000

Census in Puerto Rico will be conducted with exactly the same form.

Now, with respect to tabulation. We will be tabulating on most of—we are tabulating lots and lots of different ways for different kinds of purposes, of course, but the core tabulations will have 50 States, the District, Puerto Rico; that is, anyone who wants to see the Puerto Rico count as part of the larger count, it will be there for most of the tabulation purposes.

Now, when you ask the question how many television sets are there per household, that data would be available—see, that would be the decision of the statistical agency, not the Bureau. We will provide those data in such a way that if they want to incorporate Puerto Rico into it, they can. And many, many statistical agencies will do so.

When you ask the rather specific question of whether the actual count of Hispanics in the United States after the year 2000, when we are reporting that data for the 50 States, it will exclude Puerto Rico. It just has to, because that is what we are obligated to do. It will take a change in the law to allow us to change that. But for other purposes where we are simply saying, for example, how many Hispanic citizens are there, we then could include Puerto Rico into that count. So it simply depends on the terms of the tabulation and they will differ from one purpose to another as they do now.

Mr. SERRANO. Now, in the past, they conducted their own census?

Mr. PREWITT. We did it for them, but with the census form that they preferred to use that was different from the standard form, but we conducted it.

Mr. SERRANO. Are they the same employees and the same folks?

Mr. PREWITT. Yes, all the same procedures will be used in Puerto Rico as in the other States.

Mr. SERRANO. So you are clear on that, then, the law tells you to count only if the question was how many Hispanic—how many American citizens of Hispanic origin are out there, then you can——

Mr. PREWITT. That would be legitimate.

IMMIGRATION CONCERNS

Mr. SERRANO. One last point, Dr. Prewitt, and I thank you for your testimony today and for sitting and watching some other dialogue, started by me. In the 1980 census, people like myself almost got a heart attack when the Catholic Church—and I will say my church so no one thinks I am attacking the church—said we can't guarantee that Immigration will not come looking for people who are here undocumented, and get counted in the census, and that became an incredible issue. Let me preface my comments by saying that illegal immigration is an issue that we are all concerned about and no one is in favor of illegal immigration. But your job is to count whoever is here, not to get into the issue of whether they are here legally or not.

Have there been any conversations with the Immigration Department? Is there anything you can tell me that you hear? Are you going to do a good job and count people and then get them raided

by the Immigration Department because you did such a good job? What are we talking about here? Has there been any conversation taking place around this issue?

Mr. PREWITT. Yes, there have in two or three different respects. I will be quick. The Census Bureau takes confidentiality very, very important. It is as important as accuracy because if we ever lost our pledge of confidentiality to the American public, the census would actually begin to get into serious trouble. We understand that. We go to jail before we release any confidential information. So the commitment that we have to confidentiality is absolute and strong.

However, making people believe that is a different task. And so first with respect to the INS issue, we obviously have made representations to INS and other people who have done this on our behalf, urging INS to suspend any raids during the census period. So there is no kind of confusion. We have reason to believe that will happen.

Secondly, we have worked with GSA who is finding all of our office space. We will have to open up nearly 500 local offices or site more than 500 local offices, and we have asked even if we are in a Federal building never to be on the same floor, never to be adjacent to, to be separate as from IRS and INS as possible for exactly these reasons. And that happens, you know. GSA has got its problems.

Mr. SERRANO. The wish of many Members of Congress, too.

Mr. PREWITT. Mr. Kolbe has left. I had a very unfortunate experience in Tucson which I do have to report. I went to Tucson for a town meeting. I was making a very strong confidentiality pitch and then from the audience someone stood up and said, Dr. Prewitt, are you aware that you just opened the local office here in Tucson? I said, Yes we are aware. We are very proud and so forth and so on. They said, Do you know that it was in a space that was just vacated by the INS and that they have given you the same phone numbers that INS had? We were out of there in 24 hours. So we feel very strongly about that.

Now, to the question of how can we get aliens who we are obligated constitutionally to count to cooperate, we have as part of our partnership program worked very closely with the Catholic Church. We know that if a Catholic church or the schoolteacher or the local community leaders say yes, you can trust this, it is important, then it will help. We can't make people believe it very easily.

We are, finally, a Federal bureaucracy. So we are doing everything we can to work with the kinds of organizations which can convince those parts of our population that these data will be confidential. And we are reasonably confident that there is going to be a lot of help on that score.

Mr. SERRANO. Just one last point then. I intend, in the most undercounted district in the Nation, to play a role in two languages, if I don't pick up a third soon, to get people to be counted. From your viewpoint now, I am not asking for a commitment because you can't give me that commitment—you think I would be pretty safe in telling people you are not going to run into any other problems related to the census or during the census count? That is another issue. You will deal with that issue tomorrow or next

Wednesday. However, during the census count, during this important—I can assure you that you are standing up and being counted is not going to cause you other problems?

Mr. PREWITT. I can just repeat that we will go to jail first before we will do anything that will jeopardize any citizen or non-citizen because of their response to the census form. It is important to remember that we don't ask citizen and non-citizen. We don't ask status. We don't even know what kind of documentation anyone has. It is not part of the census record.

Mr. SERRANO. Thank you, Dr. Prewitt.

POLITICAL ASPECT OF THE CENSUS

Mr. DIXON. Thank you, Mr. Chairman. I will try to be brief. I want to thank you for your, what I think, fine testimony and good responses to the questions here. But I also want to say that I don't think that you are personally sensitive enough to what is going on here. I would liken it to a medical physician and a science practitioner trying to talk about a method of treating a patient. You are coming with a scientific background and trying to demonstrate an appropriate way to conduct a census. We are politicians. For you it is a scientific endeavor. For us it is a political endeavor. And I think, Doctor, you have to understand that on both sides of the aisle.

There have been references to the White House. I have a document that I could relate to or make reference to from Jim Nicholson that clearly spells out that it is a political issue for Republicans. All of us understand that. It is their job to attack your credibility and you must understand that, too. Snake oil. They are predisposed to what would happen on the enumeration issue and the Constitution and the Supreme Court. I personally would guess that Dr. Miller is torn between his science and his politics. So he is not going to agree with you. You cannot appeal to him on the professional level, in my opinion, because we are going to treat this as a political issue and you have got to get that.

Now, I say all that to say that in my view, I think that you should keep the lowest profile possible. Don't give them or me any target to shoot at. And that was a preamble to the fact that you don't have a dollar amount. Anything that they can beat up on to attack your credibility are arrows in their armor. And so when you say that you are going to have a number next spring—you give them ammunition. So my question to you is with all of the science that you have at your disposal, I know that you want to be as accurate as possible. Can you be more specific? Don't give them opportunities to attack your credibility. And I say that with respect because we all would agree, if we were to take a lie detector test, this is political on both sides. This is political. This has got nothing to do with the best count. The Chairman of the Republican Party says this is about adding 4½ million Democrats. It is a reasonable assumption that Latinos and African Americans will be Democrats, but they say at stake here is their GOP majority in the House of Representatives as well as partisan control of State legislatures nationwide.

So you have got to keep to your science and keep your head down, and don't delay about this number. Since you were appointed

by a Democratic administration, it is a war and they have to attack you. So don't give them more to attack you with.

Now, can you state or can you provide a letter to the committee at some reasonable time as to when we might have a number? At least give us a month; you know, spring is a long time. Now, I personally am on your side because I think the science supports you. However, I am here to say that, 10 years from now, some other Democrat may be taking the other side. I just want you to realize that for you it is science; for us it is politics.

Mr. PREWITT. Thank you, Congressman.

Mr. ROGERS. Go ahead and answer the question.

Mr. PREWITT. I heard a slight inflection in his voice at the very end.

Mr. SERRANO. He has a way with words.

TIMEFRAME OF THE CENSUS PLAN

Mr. PREWITT. The particular question has to do with whether we can provide you, this committee——

Mr. DIXON. A more narrow——

Mr. PREWITT [continuing]. A better timeframe. And I think we can do that. As I would go back to what I said to Chairman Rogers, we really want that number to be the last number that we have to talk to you about.

Mr. DIXON. I understand.

Mr. PREWITT. We want to scrub and scrub and say this is it. This is where we are going to be and that is part of the thing that makes it difficult to give you a precise date.

I think that——

Mr. DIXON. Doctor, you are very precise. I wasn't asking for precise.

Mr. PREWITT. I appreciate that. No, I think I understand, and I will do everything I can to be responsive to your request, which is a letter to this committee specifying the more specific time frame within which we can provide——

Mr. DIXON. The month, the month.

Mr. PREWITT. The budget numbers.

Mr. SERRANO. Pick a month of 31 days.

Mr. PREWITT. With respect to your other comment, if I may respond quickly, the——

Mr. DIXON. And one of the things I noticed here—it is not offensive, but it just isn't in the real world when you say, "while availability of revised estimates of the schedule may not be ideal for the appropriation process." This is the game, you know, but you kind of discard it. Well, maybe it isn't to your convenience, but we want to be precise. The game is up here and on the floor and in the Senate.

Mr. PREWITT. That is very useful. I appreciate the comment. And I, as I did say earlier in response to the Chairman's comments, that we also don't want to put the committee in the awkward position of working with a number, and then we then have to come back a few weeks later and say we hadn't finished all of our work, it is not the right number. It could be up or it could be down.

So I seriously appreciate when Chairman Rogers asked earlier whether I was bothered—I am bothered by the fact that we cannot

give you an accurate number today, but I would be more bothered to give you an inaccurate number and then later to give you an accurate number. That would bother me more seriously. So that is what we are trying to do.

Mr. DIXON. But Doctor, the longer you delay the number, the louder the volume on this.

Mr. PREWITT. Correct.

Mr. DIXON. Do you need more people to get the number, more supercomputers? I understand its not like baking a cake, it is going to take more than 3 hours. Are you applying enough manpower and technology to this problem to get the number? Because the longer you delay, the more we are going to take that and exploit it. You don't have to respond.

Mr. PREWITT. Let the record show that I heard the statement.

Mr. MILLER. Mr. Chairman, could I make one comment?

Mr. ROGERS. Very briefly.

Mr. MILLER. I just want to respond to one thing that Mr. Dixon was saying and that is the science versus the politics. There is no question there is a lot of politics. But on the science issue, you can make the argument that the large aggregated level as State level, sampling can be effective. But when you get to census block, I think there is a real division. When you are only talking about 50 people on a block and there are 6 or 7 million blocks, there is a legitimate debate by scientists, by statisticians, that this is not the most accurate data. And when you do redistricting, as you know, you work with census blocks. So I think we can talk about politics, there is for question on both sides, but there is legitimate debate for redistricting purposes. Block data has a serious problem.

Thank you, Mr. Chairman.

Mr. ROGERS. Dr. Prewitt, we thank you for your testimony and your fortitude in sitting there in the face of this. You have a hot potato here. That may be news to you, but the thing that I want—and this is not politics. We are in the process of putting together a bill to fund all of these agencies for the year 2000, not to mention dealing with the June 15th, 1999 date, and we simply can't operate until we have a number to plug in. The full Committee can't divide up the big pie to the Subcommittees, not knowing what we are dealing with here, because this can be up to a $5 billion item we are talking about here. And as they say in the Bronx, that ain't hay.

Mr. PREWITT. Even in eastern Connecticut, or Kentucky.

Mr. SERRANO. Next time we say "hay" in the Bronx, I will call you up.

Mr. ROGERS. So we are looking for a number, and the sooner the better. And as I say, whether some people take that as politics or not, if the Supreme Court had refused to give us a number about their budget, I would be screaming at them just as I am screaming at you. I don't care who it is. If you are not giving us the numbers so that we can do our job, I am going to scream at you. And whether you call that politics or whatever, it doesn't matter to me. I want your numbers. And I think the Census Bureau has been lax in this, and it raises suspicions.

You have got to understand where this side is coming from, as I indicated a moment ago. We don't trust this Administration to do

things—we think they are political in everything, because we have been burned too many times now, in matters unrelated to the census. And where they are asking for discretion in matters that we consider as important as an accurate census, we are suspicious. It doesn't mean it is so, it just means we are suspicious and looking for evidence that there is manipulation.

That is sort of what is motivating all of this. We have been burned before on things like the INS with Citizenship USA, and a number of other things. So we are suspicious and we are looking for evidence that this is being manipulated as they manipulated citizenship in the United States of America. So that is where we are coming from, Mr. Dixon.

Mr. DIXON. Oh, I understand that.

Mr. ROGERS. So when you say I can't give you a figure at this late date, and the Secretary of Commerce has told me the same, not because you didn't have it, but because on high they had told him that he couldn't release it, that raises some hackles, raises some suspicions. And so we are suspicious. And until you bring us the number immediately so that we can do our work, as everyone else has, we are going to remain suspicious.

I don't mean to impugn your integrity. I don't think your integrity is in question here. I don't think anyone would do that.

Mr. DIXON. No, Mr. Chairman.

Mr. ROGERS. But I am nervous about the possibilities of manipulation of this census that all of us, I think, are determined not to let happen; on both sides, I think.

Mr. DIXON. Right. I did not use the word "integrity," nor do I suggest that anybody's integrity is questioned. But it is clear, as the Chairman says, that your credibility as at issue here, and I just want you to get that.

Mr. ROGERS. Well, thank you very much for your testimony, and we will look forward to talking with you again soon.

The hearing is adjourned.

QUESTIONS SUBMITTED BY CONGRESSMAN TAYLOR

2000 Census

QUESTION: Director Prewitt, you have made statements that Congress has attempted to "micromanage" the 2000 Census. I want to direct your attention to Article One, Section Two of the Constitution; it reads:

The actual enumeration shall be made within three years after the first Meeting of the Congress of the United States, and within every subsequent Term of ten years, in such Manner as they shall by Law direct. (emphasis added)

The word "they" in that section refers to Congress – the census shall be conducted "in such manner" as Congress directs. Bearing in mind this Constitutional mandate, what do you think the proper role of this Congress should be in directing the 2000 Census?

ANSWER: I am well aware that Article One, Section Two of the Constitution provides that Congress by law directs the manner in which the census is conducted. Congress has played a very constructive role in directing the 2000 Census in the interests of achieving the most accurate results possible.

In its wisdom, Congress has adopted laws that now give design operation, and other "micro-management" discretion to the Secretary of Commerce. Section 141(a) census states; "The Secretary of Commerce shall. . . take a decennial census of the population. . . in such form and content as he may determine, including the use of sampling procedures and special surveys." The Secretary of Commerce has, in turn, formally delegated the "micro-managing" of the decennial census to the position that I hold as Director of the Bureau of the Census.

After the 1990 Census was found to have a less accurate count than the 1980 Census, Congress wisely directed the National Academy of Sciences to examine how to improve accuracy in Census 2000 and to report its recommendations. A series of three NAS panels have taken up this challenge and the current Census Bureau plan for 2000 draws heavily on their direction.

The Congress has also been very helpful in enacting laws that assure confidentiality of data collected by the Census Bureau and in providing authority to share address information with local governments and the Postal Service to improve the Bureau's address file.

The Congress also has the role of appropriating funds for the conduct of the Census. Despite the controversy about the census over the last two years, the Congress has appropriated the necessary funds and I trust that it will continue to do so.

Of course, Congress has retained an active oversight role and the unquestioned authority to pass new legislation concerning Census 2000. My concern is that Congress may use its broad oversight authority to micro-manage Census 2000 operations in such a way that it impedes the Census Bureau's ability to achieve the most accurate results possible. We are now gearing up to conduct our nation's largest civilian mobilization and are less than one year away from April 1, 2000, the date designated by law as Census Day. Three bills recently approved by the Government Oversight Committee, H.R. 472, H-R. 928, and H.R. 929, would micro-manage major components of the Census in such a disruptive way that they would each reduce the accuracy of next year's census. When the Congress takes up legislation that would degrade accuracy, I have an obligation to inform the Congress and the public.

QUESTION: As you know, North Carolina has had to redraw its Congressional districts several times in the past two years because the Supreme Court found some of them to have been racially gerrymandered. As I understand your current proposal for the 2000 Census, however, the potential for Constitutional challenges to state redistricting would only be increased. The "second" set of numbers-used for redistricting and federal fund disbursements-would be adjusted based on regional data, not only from data taken inside the state boundaries of a single state. In other words, when the Bureau estimates whether certain racial or ethnic groups in North Carolina were underrepresented in the actual enumeration count, you would take numbers and data that might also include people living in Virginia or Tennessee or West Virginia, apply the statistical sampling methods to them, and then state that the census number for North Carolina were now adjusted. Such a methodology would only give individuals in my state added fuel for the argument that our Congressional districts are unconstitutional-now, even if the districts are not racially gerrymandered, they have been drawn using data statistics from people who are not citizens of the state of North Carolina. Do you not foresee this plan leading to constitutional challenges in every state in the country?

ANSWER: As a statistical agency, we must try to provide the most accurate and timely numbers possible for all purposes required by law. We should not sacrifice accuracy out of fear that some group may file a lawsuit to require less accurate numbers.

We know that recent censuses have failed to count millions of people and some groups have been undercounted at higher rates than others. This has led to differential undercounts of Congressional districts. The professional statisticians at the Census Bureau have developed a methodology that they are confident will significantly improve the accuracy of Census 2000 for legislative districts. That methodology corrects for errors in the physical headcount within a state by drawing on information on the systematic errors in census-taking from the region. The methodology has been well developed, documented and accepted in the statistical community as a means of

increasing the accuracy of estimates. The justification arises from the similarities of some groups with respect to their coverage propensities. For example, a male, Asian renter in North Carolina may be more like a male, Asian renter in South Carolina *with respect to Census enumeration characteristics*, than he is like someone in North Carolina with different characteristics of race or home ownership.

QUESTION: Based on your testimony, further, it is clear that the application of statistical sampling to the nationwide census blocs will result in adjustments to the actually enumerated numbers, such that members of certain racial or gender groups who have in fact been counted might be "subtracted" from a specific bloc. Because many states may use these statistically altered numbers as the basis for redistricting, do you not foresee that this plan will lead an increase in constitutional challenges under the Fourteenth Amendment - namely, that the states' reliance upon population data that removes members of certain racial or gender groups from discrete census blocs creates an unconstitutional gerrymander?

ANSWER: Again, the Census Bureau cannot allow the risk of litigation to deter it from presenting the most accurate numbers possible for the purposes required. Our analysis of previous censuses has found that some groups have been "overcounted." For example, people with more than one residence, such as college students or retirees with winter and summer homes, are sometimes counted in both places. The professional statisticians at the Census Bureau have developed a methodology to correct this problem and to produce the most accurate numbers possible for redistricting and other purposes. For a demographic group showing a net overcount, we subtract the appropriate number to obtain more accurate totals. However, all records will remain on the census file. Until we collect and analyze the data, we do not know whether any group will have a negative arithmetic correction in the data supplied for redistricting or other purposes.

QUESTION SUBMITTED BY CONGRESSMAN MILLER

Post Census Local Review

QUESTION: While testifying before the Committee on Appropriations on March 24, 1999, you agreed to clarify, in writing, your position regarding post census local review.

o On several occasions, including your testimony under oath before the Subcommittee on Census on March 2, 1999, you have stated that post census local review would not interfere with or prevent the Accuracy Coverage Evaluation in Census 2000. If you no longer believe you testified correctly, please explain the basis of this new opinion.

o Additionally, please clarify if the Bureau of the Census believes the post census local review would prevent the completion of the Accuracy Coverage Evaluation (A.C.E.).

o If it is the Bureau's opinion that the implementation of post census local review would affect the A.C.E., please explain in specific detail how A.C.E. would be affected.

ANSWER: I welcome this opportunity to clarify the relationship among different elements of the Census 2000 design, and regret if my response to your questions about the interaction between the Accuracy and Coverage Evaluation (A.C.E.) And post census local review were not clear. If the record of the March 24th Appropriations Subcommittee hearing is still open, I request that this written response be included. Thank you.

To ensure that my response is specific to the question as framed in your letter of April 19, 1999, I will answer in three parts — each responsive to an aspect of your three-part question. In response to question 1, the question as initially posed at the Subcommittee on the Census hearing asked, quite generally, "What is the relationship to post-census local review and the A.C.E. issue? Is there any connection between the two of those? The 300,000 sample." I heard that question in the context of two hours of testimony focused on the Census 2000 operational plan, during which I had emphasized on central point. My response should be interpreted in that context.

I repeatedly emphasized that the Census Bureau designs a massive mobilization effort, such as that represented in Census 2000, not as a number of independent procedures but as a complex and integrated operation. In our planning process, a very large number of procedures were initially considered, among them a post census local review. But this was only one of many procedures under consideration that did not survive to the final design. A second mailing did not survive. Nor did the use of administrative records. Nor did allowing Internet response to the long form.

Among the procedures that did survive the winnowing process was the Accuracy and Coverage Evaluation — but also the vacant/delete check, coverage edits, telephone assistance centers, and many other procedures set forth in the operational plan presented to the Subcommittee. The procedures selected are those that, when integrated with all other procedures, meet the central responsibility of the Census Bureau — to conduct the most accurate census possible that meets the demanding schedule of completed apportionment counts in nine months and redistricting counts in twelve months.

In constructing the operational plan for Census 2000, there were not direct trade-off between the A.C.E. and a post census local review, anymore than there was a direct trade-off between vacant/delete checks and post census local review, or coverage edits and post census local review, or a trade-off with any other of the many procedures included in the design. Stated differently, it is not correct to infer that the A.C.E. is specifically included in the operational plan because post census local review is excluded anymore than it is correct to infer that the A.C.E. is specifically included because the use of administrative records is excluded, or that the A.C.E. is specifically included because the broad use of the Internet is excluded.

It seriously misrepresents the process of designing and census to presume that any single procedure is out because another one is in. It was to avoid this misrepresentation that I responded as I did during the hearing on March 2, 1999. I believe the record will indicate that at this point in my testimony, I had testified for nearly two hours on exactly the point that a census operational plan is an integrated whole, and should not be viewed as separable and therefore substitutable procedures. This was the context for my testimony that there was no direct relationship between the A.C.E. and a post census local review procedure. I have not, therefore, changed my viewpoint, and respectfully request that any representation of my testimony take into account the full context.

In response to question two, as I believe my earlier testimony will confirm, the Census Bureau believes that an integrated operation of the complexity of the census — correctly described as the largest civilian mobilization in the country's history — would be difficult to redesign without degrading accuracy and placing timely completion at risk. If the Census Bureau is required to include a major new procedure at this stage in the decennial cycle, the quality and timing of census operations, including the Accuracy and Coverage Evaluation, could be adversely affected. Moreover, our ability to produce apportionment counts by December 31, 2000 and Public Law No. 94-171 counts by April 1, 2001, will be affected.

To ensure against misunderstanding, I emphasize that this response should not be taken to refer only to the interaction of post census local review and the A.C.E. If we were now obligated to plan for and integrate into the census operation a post census local review, a number of procedures — not just the A.C.E. — would have to be reconsidered and perhaps redesigned.

Perhaps I can best make this point with a counter-intuitive example. Not even the Local Update of Census Addresses (LUCA) would operate as expected if post census local review were instituted. LUCA, as you know, enables local governments to verify the addresses in their communities before the census is conducted. The Congress has generously funded the preparation of an accurate Master Address File because it joins with the Census Bureau in viewing this procedure as critical to an accurate census.

How could it be that a procedure early in the census operation might affect a later procedure? We do well to bear in mind that expectations about the future have a strong impact on behaviors in the present. In the case at hand, if local jurisdictions believed that they could correct the address file in August or September of 2000, might this lessen their motivation to work with the Census Bureau in the critical LUCA operations that precede census day? Post census local review could operate as a disincentive for the local effort required for a successful LUCA program, and the Census Bureau would have to take this into account as it completes the Master Address File work.

Allow me another example to suggest how introducing new procedures at this stage could affect procedures already in place. As you have encouraged, everyday the Census Bureau is signing partnership agreements, which now number approximately 12,000. If these partner agencies knew that later in the year they would be eligible applicants for your proposed matching grant program, might they not then try to design the partnership in a manner that increased their changes of being a successful applicant? Might this not then change the entire voluntary spirit of the partnership program as presently designed? And, as would necessarily happen in thousands of cases, when they were disappointed applicants, might this not affect their relationship to Census 2000? If the matching grant program became law, the Census Bureau would have to take into account these possibilities in its design and implementation of the partnership program.

To return to your specific question, the implementation of post census local review (as specified in H.R., 472) would not necessarily prevent the completion of the Accuracy and Coverage Evaluation. It would degrade the accuracy of the A.C.E. and would delay its completion beyond the statutory deadline for providing P.L. 94-171 counts.

In response to question three, the A.C.E. has been included in the integrated set of procedures that constitutes the decennial census design because it will inform the Census Bureau and the country about the accuracy of the original count based on the mailback, telephone/interview operations, and nonresponse follow-up. The accuracy measurement represented by the Accuracy and Coverage Evaluation will provide the greatest level of accuracy of census data for uses other than reapportionment, such as redistricting, federal funds allocation, and population estimates. It is designed specifically to address the differential undercount experienced in prior censuses and

anticipated in 2000.

Because the A.C.E. involves matching A.C.E. survey respondents to the census record that assigns persons to specific address on April 1, any procedure that affects the original count or the accuracy of the address file, or that delays fielding the A.C.E. will adversely affect the accuracy of the A.C.E. If, for example, the introduction of a post census local review were to reduce cooperation in LUCA and therefore result in a less complete Master Address File, the A.C.E. would be adversely affected. If, for example, the introduction of a post census local review were to burden our regional census offices with planning an additional major procedure even as they were completing the vacant/delete check or other coverage improvement efforts, the A.C.E. would be adversely affected. If, for example, the introduction of a post census local review were to delay the A.C.E. reconciliation and follow-up procedures, and thus affect the accuracy of recall data about household composition on April 1, the A.C.E. would be adversely affected. Each of these examples, and others, are strong possibilities. There are, then, a number of different ways in which the implementation of post census local review could affect the A.C.E.

But not just the A.C.E. is at risk. The post census local review as specified in H.R. 472 could also degrade the quality of the census operations that will produce the apportionment counts, as illustrated in the example of the possible negative feedback on the LUCA effort or because post census local review preparation would compete with critical coverage improvement procedures.

In summary, my testimony on March 2, March 24, and again in this written response is that neither the post census local review nor the Accuracy and Coverage Evaluation are stand-alone programs. Their respective contribution to, or detraction from, the census design has to take this fact into account. In the context of the process used by the Census Bureau to develop the Census 2000 plan, there was no direct relationship between the post census local review and the A.C.E. We did not trade off programs one against the other. The decennial census is an integrated package of programs which we choose and develop in order to arrive at the best possible results.

Moreover, trying to incorporate any major new procedure at this stage will throw the decennial census out of kilter. It hurts everything, including the Accuracy and Coverage Evaluation. This is not just true for post census local review, but for other major procedures added at this late date, including the second mailing of a replacement questionnaire, or printing the short form in 34 languages. Everything we are doing in Census 2000 with respect to quality control will be impacted if we are required to add major new procedures.

If in any way these written comments are not fully responsive to your questions, please inform me and I will further expand on them. Again, I appreciate the opportunity to address any uncertainties that arose because of my oral response in testimony.

THURSDAY, APRIL 15, 1999.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

WITNESSES

DR. D. JAMES BAKER, UNDER SECRETARY FOR OCEANS AND ATMOSPHERE
SCOTT B. GUDES, DEPUTY UNDER SECRETARY
PAUL F. ROBERTS, CHIEF FINANCIAL OFFICER/CHIEF ADMINISTRATIVE OFFICER

OPENING REMARKS

Mr. ROGERS. The committee will be in order.

We are pleased to welcome you to our final hearing—out of 23 hearings, this is the last one of this fiscal year. We are pleased to welcome Dr. James Baker, the Under Secretary for Oceans and Atmosphere in the Department of Commerce, and his associates. He is appearing on behalf of the programs in the 2000 budget request of the National Oceanic and Atmospheric Administration, a small agency buried in the Department of Commerce. They only have about 60 percent of the entire budget.

This year the NOAA budget request presents a very ambitious agenda, proposing a total funding level of $2.5 billion, an increase of $280 million over fiscal year 1999, as well as advance appropriations totaling $5.4 billion extending through the year 2018.

They say that timing is everything, and, Dr. Baker, your timing is such that you are presenting one of your most ambitious budgets ever at a time when the annual spending caps are at their tightest ever. So the job ahead of us, you and us, is to tailor the needs that you will be speaking on to the budget realities that we are facing. It would be helpful if we had your assistance and that budget scrutiny that we will have to engage to try to fit an oversize foot into an undersize shoe.

Let me say before I introduce you to present your testimony that we have been joined on the subcommittee by a new member of the subcommittee, José Serrano, who is new to the subcommittee and is new ranking member of the subcommittee. And I have told him privately—I have not said it publicly—that it is a daunting task that he has undertaken because this subcommittee covers such a broad spectrum with a lot of intricate programs and hundreds of agencies, literally, in three Departments of the Government and all of the Federal courts, as well as a great host of independent agencies like FCC and SEC and FTC—ABC and CBS. And he has handled himself very well. He has studied. He has attended every hearing, and he has had probing questions of all the witnesses that we have had here. You will see during the course of the hearing that he will be equally as probing on your agency.

So, Mr. Serrano, let me thank you for the work you are doing to quickly get up to speed on a very complicated agenda.

Mr. SERRANO. I thank you, Mr. Chairman, for those kind words. I must tell you that the staff that you always see behind me, to my left, in my office, and staff in the committee and the support I have gotten from your staff and the 10,000 binders that were given to me in the last month or so have made it possible, and I thank you for the opportunity to have been an equal partner. And I look forward, as we continue to put this bill together, to the kind of a situation where, notwithstanding that one issue that divides this House, on everything else we will have a very joyous occasion on the House floor.

Let me say that I want to welcome Dr. Baker, and in line with what you just said, Mr. Chairman, I was amazed at the multitude of responsibilities that NOAA covers, and I will comment on that later. But I am looking forward to your testimony and looking forward to joining the chairman in making sure that you continue to do the work that you have to do.

Mr. ROGERS. Dr. Baker, we will make your written statement a part of the record, and if you would like to summarize it briefly, we would be pleased to hear from you.

Dr. BAKER. Yes, sir. Thank you.

OVERVIEW

As you said, we have a large increase proposed this year, a 12.5 percent increase. We believe that the budget that we have laid on the table demonstrates our commitment to meeting our responsibilities for investing in and maintaining the infrastructure for the services that we deliver to the public.

This request addresses increased data acquisitions needs through the replacement of a fishing research vessel and increased days at sea with the University-National Oceanographic Laboratory System; provides for increased supercomputing capacity requirements for better weather and climate modeling; recurring costs for replacing facilities; pay-related and inflationary cost increases; replacement of outdated observing systems; and providing a broader and more diverse pool of potential employees by establishing educational training relationships through a joint partnership with a consortium of Historically Black Colleges and Universities.

As we have discussed, Mr. Chairman, the NOAA budget is predicated on the need to ensure continued delivery of essential science, technology, and services to the Nation. We have a number of departmental, interagency, congressional, and Presidential initiatives that we are addressing, including the Lands Legacy Initiative, an Oceans 2000 activity, the Natural Disaster Reduction Initiative, and the Climate in the 21st Century Initiative.

Let me just say a word or two about each of those.

On the ocean and coastal side, we recognize that one-third of the United States GDP and one-half of the Nation's jobs are produced in the coastal zone. This initiative that we have will increase the protection, restoration, and sustainable use of the Nation's ocean and coastal resources.

In terms of Lands Legacy, we recognize that economic and environmental well-being that we derive from natural resources are es-

sential to make these diverse areas valuable to the Nation. We recognize escalating losses and degradation of coastal wetlands, fisheries habitat, and coral reef ecosystems are issues that we have to address.

We have identified $105 million of new funding for targeted investments to expand protection of ocean and coastal areas, restore habitat, provide states and coastal communities with the tools and resources for economically sustainable smart growth as outlined in this Lands Legacy Initiative.

In terms of the ocean side, we had last year, 1998, the Year of the Ocean, and we have in our budget $78 million in new funding to promote better navigation, providing that information out to marine transport, better understand the role of oceans in shaping weather and climate, provide for increased fisheries data collection capacity, stock assessments, and fishery conservation, and developing a commercially viable domestic marine aquaculture industry.

We are also involved in resource protection under our responsibilities under the Marine Mammal Protection Act and the Endangered Species Act, an area that is growing for us. We are committed to preventing extinction of marine species that are at risk and in restoring their habitat and ecosystems through greater public involvement in conservation planning, creating incentives for landowners and states to protect species and their habitat, and entering into long-term conservation plans with landowners. We think this is one of the real successes we have had in the last couple of years, developing joint plans with the private sector and with private landowners to find ways to protect endangered species.

We have in this budget $130 million aimed at endangered species, including $100 million for a Pacific Coastal Salmon Recovery account that will bolster salmon recovery through improving Federal conservation activities and building state, local, and tribal partnerships to share the limited resources that we have while improving the scientific information that we need to recover the salmon.

We will also aim these funds at leatherback and loggerhead turtles, Hawaiian monk seals, and North Atlantic right whales, all of which are under our jurisdiction.

We continue to address issues in South Florida as we have $5.1 million to address the South Florida Everglades restoration effort, and we already have some very good accomplishments in that area as the State of Florida begins to replumb so that freshwater once again flows through the Everglades.

We have $22 million to support the administration's Clean Water Initiative, addressing general issues of both point source and nonpoint source pollution, and also looking at issues of harmful algal blooms, which today we estimate are causing something like $1 billion a year in economic losses.

On the atmospheric side, we continue to push for our Natural Disaster Reduction Initiative. We request a net increase of $42 million for that Natural Disaster Reduction Initiative. The next stage, working with the Economic Development Administration, the National Institute of Standards and Technology, with the United States Geological Survey, and with FEMA for an end-to-end strat-

egy of better building standards, better forecasts, and better delivery of information when we have natural disasters.

We include in this the completion of the modernization of the Weather Service, and I am pleased to say that we will have the final deployment of our Advanced Weather Interactive Processing System by the end of June of this year, thus completing the modernization of the Weather Service once we have finished the closure of the offices.

We have, just one example, doubled the warning time for tornadoes from 1993 to 1998. This will allow us to continue the very effective activities that we have in the Weather Service.

We have a variety of other activities on the weather side that will provide us some new capabilities there. We can talk about those in more detail.

Then, finally, on Climate in the 21st Century, we recognize that we have been very successful in forecasting not just short-term weather but the El Niño and somewhat longer term climate. We are looking at ways that we can do a better job of extending our weather forecasts so that farmers, public power utilities, and the private sector will have this ability to get new information. Right now weather information is being used by the public and by the private sector. There is a whole new area of weather derivatives on Wall Street that is a $2.5 billion market. That builds on the information that is developed from our scientific agency, and it is important that we do the best job of providing that.

We are also looking to do a better job of observing and monitoring both the ocean and the land as we try to provide the best scientific understanding for the changes that are taking place in the long term on the planet.

In conclusion, Mr. Chairman, I want to say that our 2000 budget builds on the progress we have made with the assistance of this committee and support from the Congress over the years. We believe that our environmental stewardship and assessment methods are essential to the Nation's economic health. We are trying to focus our efforts on what matters to the American people. We have many partnerships in place, and we hope we can develop those further.

Thank you for the opportunity to be here, and we would be happy to answer questions and discuss any of these things further.

[The information follows:]

TESTIMONY OF DR. D. JAMES BAKER
SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE, THE JUDICIARY
AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE
APRIL 15, 1999

Thank you, Mr. Chairman, and members of the Subcommittee, for this opportunity to testify on the President's FY 2000 Budget Request for the National Oceanic and Atmospheric Administration (NOAA).

I am accompanied today by Terry Garcia, Assistant Secretary for Oceans and Atmosphere, Scott B. Gudes, Deputy Under Secretary for Oceans and Atmosphere, and Paul F. Roberts, Chief Financial Officer/Chief Administrative Officer.

Before I begin, let me state that because of investments championed by this subcommittee, NOAA is a world leader in weather and climate research and forecasts, environmental monitoring and research, fisheries management, and sustainable use of the coast. This proposed budget is a good budget for NOAA; this is a good budget for the Department of Commerce; this is a good budget for America!

This budget demonstrates our commitment to meeting our responsibilities for investing in and maintaining our infrastructure. The challenge of investing strategically in the Nation's future requires continuing investments in NOAA's infrastructure, including investments in our people. The FY 2000 budget request includes essential funding to meet these investment needs. Most notably, the budget request:

- includes funding to address our data acquisition needs by providing for the first of four new Fisheries Research Vessels (FRVs), while at the same time increasing the number of days-at-sea by 245 for University-National Oceanographic Laboratory System (UNOLS) ship time for critical data collection needs for the Global Ocean Ecosystem Dynamics (GLOBEC) and Ecology and Oceanography of Harmful Alagal Bloom (ECOHAB) programs.
- provides funding to maintain our supercomputing capacity at the NWS Central Computing Facility in Suitland, Maryland, and the Forecast Systems Lab (FSL) in Boulder, Colorado while acquiring a massively parrallel, scalable computer to be located at OAR's

Geophysical Fluid Dynamics Lab (GFDL), in Princeton, New Jersey.

- provides increased recurring lease and/or operations costs at a number of NOAA facilities coming on-line in FY 1999 and FY 2000, such as the Santa Cruz and Kodiak Fisheries Laboratories, the Marine Environmental Health Research Laboratory in Charleston, South Carolina and the David Skaggs Research Center in Boulder, Colorado. At the same time funds are requested to complete the planning and design of a new state-of-the-art NMFS research facility near Juneau, Alaska.
- provides adjustments-to-base for pay related and inflationary cost increases to the National Weather Service, as well as for the FY 2000 pay raise for the remaining Line Offices.
- includes funds to begin replacing outdated observing equipment in order to maintain continuity of core data and services and provides funds for continuing technology infusion for systems developed for the Weather Service Modernization;
- reflects the Administration's plans to restructure and maintain the NOAA Corps and includes Payments for

Retired Pay for Commissioned Officers as mandatory funding;

- includes $1.0 million to establish educational training relationships through a joint partnership with a consortium of Historically Black Colleges and Universities (HBCU). These efforts would not only result in the education of new marine, atmospheric and environmental scientists, but would also assist many coastal communities in the development of new business and environmental engineering alternatives to support sustainable economic development; and,
- provides funds to accelerate the implementation of the Commerce Administrative Management System (CAMS), which is critical to meeting NOAA's financial management requirements.

We, at NOAA, know that performance is what counts! Therefore, our FY 2000 budget includes measures that will track results to the level of investment.

NOAA's FY 2000 request is for $2.6 billion in total budget authority which includes $2.5 billion in discretionary

budget authority. This request collectively represents a 12.9% increase over the total budget authority appropriated for FY 1999.

The request is predicated on the need to ensure the continued delivery of essential science, technology and services to the Nation. The President's Budget Request also allows NOAA to perform an essential role in a number of Departmental, interagency and Presidential initiatives, including the Lands Legacy Initiative and other important components of the Ocean 2000 Initiative, the Natural Disaster Reduction Initiative, the Climate in the 21st Century Initiative, and building the capacity of the Nation's Historically Black Colleges and Universities (HBCUs). Let me take a moment to say a few words about some of these important activities.

Ocean 2000

Ocean and coastal resources are the foundation of the Nation's coastal and regional economies. One-third of the U.S. GDP and one-half of the Nation's jobs are produced in the coastal zone through industries such as fishing,

tourism, and marine transportation. With increasing national attention on the value of the ocean and coastal resources and the important role of ocean navigation and shipping, the $317.6 million Ocean 2000 initiative will increase the protection, restoration and sustainable use of the Nation's ocean and coastal resources.

The Ocean 2000 crosscut integrates the Administration's Lands Legacy programs and initiatives supporting the Year Of The Ocean (YOTO), Resource Protection, South Florida ecosystems restoration and research, and implementation of NOAA's responsibilities under the Clean Water Action Plan.

Lands Legacy

NOAA's FY 2000 budget requests $105 million of new funding to fulfill the environmental goals outlined in the Administrations Lands Legacy Initiative.

The economic and environmental well-being we derive from the abundant and essential natural resources and the beauty provided by coastal ecosystems is being undermined by the very critical economic and aesthetic uses that make these

diverse areas so valuable to the Nation. Escalating losses and degradation of coastal wetlands, fisheries habitat, and coral reef ecosystems must be reversed.

NOAA has the vision, expertise and partnerships to successfully confront this challenge. The request includes funding for targeted investments to: strengthen and expand protection of the Nation's most significant ocean and coastal areas; restore critical coastal habitat and vibrant coral reef ecosystems; and provide states and coastal communities with the tools and resources for environmentally-sound and economically-sustainable "smart growth." Some examples of our investments include:

- $32.0 million for Coastal Zone Management of which:
  - $28.0 million will help states and localities, through Section 310 of the Coastal Zone Management Act, to implement community-based solutions to restore or enhance coastal resources and community revitalization.
  - $2.0 million for coastal non-point pollution control program development (Section 6217); and,

- $2.0 million for Section 309 Grants for coastal non-point pollution control program implementation.

NOAA will work with 32 Coastal Zone Management state partners and coastal communities by providing grants and technical assistance to improve land use and address impacts of increased development and urban sprawl on coastal resources.

An increase of $15.0 million will be used to strengthen the nation's only system of marine protected areas, the National Marine Sanctuary program. The Sanctuary System will be enhanced by bolstering operational capabilities at the twelve existing sites, expanding Sanctuary educational and outreach opportunities, and positioning the System for the future by beginning the planning process in consultation with states and communities to identify possible new sites. This represents growth in the Marine Sanctuary Program funding by a factor of four since FY 1993 (a total of $29.0 million).

In addition an increase of $14.7 million will be used to enhance the protection of critical estuaries by providing funds to states and communities for the acquisition of lands from willing sellers in and around the existing National Estuarine Research Reserves System ($19 million total), as well as strengthening existing management and upgrading facilities at these sites.

More than 95 percent of U.S. overseas trade by tonnage (excluding Mexico and Canada) passes through U.S. ports and harbors. It is often necessary for our ports and harbors to dredge deeper channels to accommodate larger and larger sized cargo ships. Such efforts must be undertaken in a way that protects the environment, including a continued commitment to environmentally sound dredging and safe disposal or reuse of dredged materials. An increase of $10.0 million is requested for NOAA to work with the Corps of Engineers, other federal and state agencies, and coastal communities to help them avoid costly delays in the dredging process and to determine ways to use material dredged from ports and shipping channels to restore important coastal habitats.

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Coral reefs are exquisite yet endangered ecosystems which sustain tourism, recreation and fishing industries worth billions of dollars in economic activity. New funding of $10.0 million will enable NOAA, by working with states and other agencies, to restore injured reefs in Puerto Rico, Florida, Hawaii, U.S. territories and the commonwealths. Funding will be provided for: development and implementation of emergency restoration activities; restoration of small to moderate-sized injured sites; development of coral nurseries to provide donor material for restoration projects; monitoring to evaluate restoration effectiveness; and the transfer of restoration technologies to other coastal stewards. This request complements and supports the $2 million Coral Reef Protection increase requested under the Year of the Ocean Initiative.

Finally under this Initiative, NOAA requests $22.7 million to increase the number and geographical scope of community-based habitat restoration efforts that generate quality coastal or river habitat to improve survival of many salt water fish species nationwide.

It is the intention of the Administration that funding for the Lands Legacy Initiative be derived from the Land and Water Conservation Fund. Although the fund has traditionally been used to fund programs within the Department of Interior, there is clear authority for it to be used for certain NOAA programs.

Year of the Ocean

At the 1998 National Ocean Conference in Monterey, California, the President launched a series of major initiatives to explore, protect and restore America's vital ocean resources. Highlighting the important role the ocean plays in the daily lives of all Americans, the Administration introduced measures to promote new scientific insight into the oceans, sustain use of fisheries and other marine resources, provide new opportunities for economic growth, and protect fragile coastal communities and ecosystems, such as coral reefs, from damage and environmental degradation.

NOAA's FY 2000 budget request ($78.1 million) for the Year of the Ocean (YOTO) Initiative includes increases of:

- $5.2 million to promote safe and efficient navigation, through balanced investment that will improve the competitiveness of U.S. ports and exports while lowering the risk of marine accidents and resulting pollution. Within this amount, an increase of $2.75 million will enable NOAA to fully develop and implement quality assurance and modernization capabilities required to support the installation of additional Physical Oceanographic Real-Time Systems (PORTS) through cost sharing partnerships.
- $4.0 million to better understand the role of oceans in shaping our weather and climate. Finer measurements of ocean data are needed to track climate shifts, understand the interaction of the oceans and atmosphere, and predict severe weather and the regional impacts of global climate change. Funds will be used to construct, deploy and operate an array of 1000 profiling autonomous floats for data collection in the Pacific and Atlantic Oceans.
- $58.2 million for Fisheries Data Collection Capacity, Stock Assessments and Fisheries Conservation, and Management, including:

- $51.6 million to construct the first of four new state-of-the-art research vessels necessary to conduct essential stock assessment surveys and monitor fish and marine mammal species, assess ecological changes and provide the best available data to rebuild sustainable fisheries. These new ships will be both calibrated and acoustically quiet to mitigate disturbance of sea-life under study.
- $2.6 million for NOAA to carry out requirements of the Magnuson Stevens Fisheries Conservation and Management Act.
- $2.0 million for enhanced observer coverage to carry out increased observer workload mandated in the Magnuson Act.
- $2.0 million to support fisheries oceanography to improve stock predictions by identifying and assessing critical environmental processes controlling long-term trends in the Nation's fishery production. A network of bio-physical moorings in the North Pacific Ocean will provide data on key oceanographic indicators and give

greater insight into environmentally-induced shifts in the productivity of commercially important fish stocks.

- $4.6 million for NOAA, in cooperation with industry, Federal, and State partners, to develop and promote an environmentally friendly and commercially viable domestic marine Aquaculture industry. Of this amount, $3.6 million will support an OAR program on Mariculture, and $1.0 million is for NMFS to work with industry to develop environmentally sound Aquaculture standards.

- $2.0 million in order to work with the states, U.S. territories and commonwealths, and local communities, to carry out important research, monitoring, management and mapping of the Nation's coral reef system. These funds will be used to better understand the state of this fragile ecosystem and help identify solutions to protect this vital resource.

- $4.1 million to unravel deep-sea mysteries, discover new opportunities in the ocean, and better understand how to protect marine resources. These funds will launch a program to map and explore U.S. ocean waters with advanced underwater technology, and support an economic evaluation of the contribution that the oceans vast resources provide to the Nation's economy and environment.

Resource Protection

Development is posing an increasing threat to numerous marine species and their habitat. The number of species either listed by NOAA under the Endangered Species Act or under consideration for listing is growing. Stemming this crisis of extinction is one of NOAA's greatest challenges. NOAA is committed to preventing the extinction of at-risk marine species, and restoring their habitat and ecosystems.

Our ongoing efforts to protect and conserve our natural resources include establishing greater public involvement in conservation planning, creating incentives for landowners and states to protect species and their habitat in order to

prevent the need to list, and entering into long-term conservation plans with landowners.

NOAA's FY 2000 budget request includes over $130 million to support the Resource Protection Initiative, including:

- $100.0 million to establish a Pacific Coastal Salmon Recovery account for grants that will bolster salmon recovery through a new partnership agreement that will double the federal dollars with matching non-federal contributions. The Presidential initiative focuses on improving federal conservation activities and building crucial federal-state-tribal partnerships to share limited resources while improving scientific information to ensure a lasting recovery of salmon. Many salmon runs are at risk of extinction in California, Oregon, Washington, and Alaska.

- $2.6 million to characterize and map biodiversity and protected species habitat. These efforts will permit the identification of crucial habitat for the

conservation of at-risk species and will identify increased conservation efforts under the ESA.

- $27.5 million for Endangered Species Act (ESA) Recovery Planning to stem the decline of highly endangered species including Atlantic and Pacific Salmon, leatherback and loggerhead turtles, Hawaiian monk seals, and North Atlantic right whales through protecting and restoring critical habitat; eliminating or reducing incidental take in commercial fisheries and conducting research and monitoring to determine species status and habitat requirements.

South Florida

NOAA's FY 2000 budget request includes $5.1 million to address issues related to the South Florida Everglades Restoration effort - an increase of $1.6 million over FY 1999 to support an integrated effort among federal, tribal, state and non-governmental partners to halt the degradation and restore the healthy function of the South Florida ecosystem.

NOAA supports the portion of the South Florida Everglades Initiative exclusively devoted to restoring and protecting the coastal and marine portions of the South Florida ecosystem such as fisheries habitat and coral reefs.

The Initiative has already produced significant accomplishments in this area. Continued investment is necessary to restore and maintain the marine ecosystem and the associated economies of South Florida Bay, and the Florida Keys.

Clean Water Initiative (CWI)

NOAA's FY 2000 budget request includes a total of $22.0 million to support the Administration's Clean Water Initiative, an increase of $5.8 million over FY 1999. This Initiative will help protect coastal communities from toxics and reduce the flow of pollution into coastal waters from nonpoint sources (e.g., runoff from agricultural fields, city streets, and other areas). Polluted runoff is now a major source of coastal water pollution and one of the primary factors associated with outbreaks of harmful algal

blooms (e.g., pfiesteria) and the spread of hypoxic zones in U.S. coastal waters.

Communities, businesses and human health are increasingly threatened by polluted runoff and the symptoms of polluted coastal waters. For example, every year degraded water quality causes warnings or closures of thousands of beaches resulting in losses to tourism and recreation industries. Degraded water quality continues to close or restrict the use of nearly 30 percent of U.S. shellfish growing areas. This includes 4.5 million acres or 50 percent of the shellfish growing area in the Gulf of Mexico, the Nation's top shellfish-producing region.

Over the past 20 years, harmful algal blooms have affected nearly every coastal state and produced an estimated $1.0 billion in economic losses. The increasing frequency and magnitude of these problems suggests that significant action is required now to reduce the costs and symptoms of nonpoint source pollution, and improve the quality of U.S. coastal waters.

An increase of $4.0 million under the Clean Water Initiative (also presented under the Lands Legacy Initiative CZM component), will address polluted runoff by providing CZM states with additional resources to develop and implement coastal non-point control programs.

An increase of $1.8 million will enable NOAA to increase its efforts in national pfiesteria research and monitoring. The increase will also allow NOAA to assist states, universities and communities in the development of detection and assay technologies essential for pfiesteria and other types of harmful algal bloom outbreaks.

Each of these components, integrated in the Ocean 2000 Initiative, is essential for ensuring the long-term health of our Nation's oceans and coastal areas. The FY 2000 budget reflects NOAA's commitment to meeting these needs and fulfilling our mission as the Nation's leader in ocean and coastal stewardship.

Natural Disaster Reduction Initiative (NDRI)

Natural hazards related to severe weather (hurricanes, tornadoes, winter storms, droughts and floods) or geophysical activity (volcanoes, geomagnetic storms, earthquakes, and tsunamis) threaten lives, property and the stability of local and regional economies throughout the United States.

In FY 2000, NOAA requests a net increase of $42.1 million for the Natural Disaster Reduction Initiative (NDRI) to implement a second phase of the Department's multi-agency strategy, which includes NOAA, EDA and NIST, to reduce and mitigate against the impacts of extreme natural events. The strategy calls for an end-to-end approach to natural disaster mitigation, from research to improve prediction and understanding of extreme events, to advances in developing response and recovery plans, to assessment of vulnerabilities of communities and infrastructure, and providing information, technology, and training to reduce vulnerability before and after natural disasters.

The modernization of the Weather Service represents a significant commitment by the Administration. The

modernization effort has made considerable progress in providing more accurate and timely weather warnings and forecasts services. The National Weather Service (NWS) vision of becoming a "no surprise weather service" is becoming more and more a reality today. The NWS has significantly improved its services since the 1974 super-tornado outbreak. Just in the past five years, NWS has more than doubled tornado warning lead-times from 5 minutes in 1993 to approximately 11 minutes in 1998. These extra minutes have saved lives. In order to ensure that these improvements are sustained the FY 2000 Budget includes:

- an adjustment to base of $20.0 million in pay-related and inflationary cost increases and $12.3 million in programmatic changes to the National Weather Service to ensure the continuation of quality accurate and timely weather warnings and forecasts services to the public.
- $25.8 million to expand operation and maintenance support for the entire NWS Advanced Weather Interactive Processing System (AWIPS) network and fund systems evolution activities.
- $2.7 million to support AWIPS operations and Weather Forecast Office (WFO) Facilities Construction at

offices established as the result of mitigation actions per the Secretary's Report Team recommendations on the adequacy of NEXRAD coverage and Degradation of Weather Services under National Weather Service Modernization for: Caribou, Maine and Key West, Florida; and continue current operations at Erie, Pennsylvania; and Williston, North Dakota. An additional $1.0 million for mitigation activities is included in the Operations and Research request.

- $3.7 million for other NWS systems activities such as product improvement initiative and acquisition closeout activities for Automated Surface Observing System (ASOS) and Next Generation Weather Radar (NEXRAD) and to provide commercial aircraft observations from the ARINC Communication Addressing and Reporting System (ACARS) for operational use in numerical weather prediction models.
- $3.7 million for Weather Forecast Office Construction and Maintenance activities such as: construction of Alaska housing in remote areas and the implementation of corrective and preventive maintenance actions at selected WFOs across the country; in addition to

continuing facility retrofit projects necessary to meet current usage requirements as well as safety and fire code regulations.

The request includes an increase of $30.1 million for NOAA's share of the Polar Convergence (NPOESS) program, for a total request of $80.1 million in FY 2000. In FY 2000, the NPOESS program will continue Phase I design and development of five key sensors and initiate Phase II production of these sensors in FY 2002. This program will be equally funded by NOAA and DOD.

The request also includes an increase of $6.8 million for GOES N-Q spacecraft acquisition (a total program of $189.5 million for FY 2000), including development funds for advanced instruments to be ready for the GOES-Q satellite, and the upgrading and replacement of aging ground systems that will remain operational through the life of GOES-Q.

The FY 2000 Request also provides increases for maintaining the operational support for the on-orbit satellites and expanding the use of satellite data.

- $1.7 million will fund Satellite Operational Control Center (SOCC) non-discretionary labor and non-labor costs increases in order to avoid serious risk to the health and safety of the current operational satellites. This increase will also maintain adequate operational data processing capacity and engineering support for satellites data streams; and,
- $2.0 million will be used to establish an integrated Global Disaster Information Network (GDIN) to improve all phases of disaster management. This will be a public/private partnership to develop acomprehensive information system for those who manage and those who are affected by disasters.

The FY 2000 budget also includes funding for other projects that will enhance observation and prediction capabilities, such as:

- $6.4 million to continue the replacement and modernization of the obsolete upper air radiosonde network that provides critical upper air observations which are the principal data source for all weather forecasts. Modern radiosondes and ground receiving

equipment will permit more efficient use of radio frequency spectrum and ensure reliable and consistent upper air data acquisition.

- $2.2 million to initiate the national implementation of the Advanced Hydrologic Prediction System (AHPS), an integrated real-time modeling and data management/analysis system for flood forecasts, in the upper Mississippi, including the Red River of the North and the Ohio River Basin. AHPS will expand and improve forecasts of river levels from days to several months in advance.
- $4.3 million will be used for the GEOSTORM satellite, a follow-on to the Advanced Composition Explorer (ACE) satellite. This multi-agency program leverages the interests and requirements of NOAA, NASA and the Air Force to increase the lead time of warnings currently provided to power companies and other industries vulnerable to solar storms. These industries have told us to make GEOSTORM our number one priority as they now depend on solar wind warning products to trigger preventative measures that help avert wide-spread power blackouts and satellite failures.

- $0.4 million will be used to provide for a second flight crew for NOAA's G-IV high altitude jet to meet the operational requirement of 24-hour storm surveillance. This funding will allow the jet to be flown on high priority back-to-back missions (12-hour intervals) during land-falling hurricanes. It will also permit storm tracking for long duration hurricanes when crew rest limitations may ground the aircraft.

Finally, an increase of $1.0 million is requested to expand work with coastal states and communities to develop coastal risk atlases and provide new remote sensing data in a more timely and effective manner. This will enable coastal communities to better prepare for and recover from natural disasters.

Climate in the 21st Century

Over the past two years, climate variability has emerged as one of the most urgent, long-term strategic environmental security issues facing the United States. The demand for scientifically sound climate information by decision-makers and the public is accelerating. For this reason, as the

Department prepares to enter the 21st century, NOAA requests $19.1 million to meet the Nation's climate service needs.

Underlying NOAA's ability to improve climate and weather models is maintaining state-of-the-art computer capabilities for world-class research. Included in this request is $5.7 million to acquire a massively parallel processing computer to improve forecasts of El Niño events, model climate variability, and make better hurricane predictions. Procurement of this computer will help close the computing gap between the U.S. and European climate centers.

Four key components of this initiative will provide critical funding for NOAA's unique responsibility to obtain long-term observations of the ocean and atmosphere and maintain national data archives. They are:

- $1.2 million to restore and maintain operations at its baseline atmospheric observatories in Alaska, Hawaii, Samoa, and Antarctica,
- $3.0 million to begin the modernization of the Cooperative Reference Network and Rain Gauge Network ($1.5 million in NWS and $1.5 million in NESDIS). At

present, NOAA uses paper punch tapes which are processed on a machine for which, there are no spare parts. It is one of two such machines in the world. We must move forward technologically on this, and

- $0.9 million for NESDIS to meet the increased demand for near real-time products, data, and information related to unusual weather, climate, and environmental events.
- $1.6 million to make long-term measurement of carbon dioxide in the ocean, develop new ocean data assimilation methods, and improve existing climate models.

NOAA is requesting $6.7 million for FY 2000 in the Climate and Global Change Program to launch new climate research projects. These will provide critical data to deepen our scientific understanding of, and thus our ability to predict, climate variability and change. The successful forecast of the 1997-1998 El Niño and the subsequent La Niña events demonstrated dramatically that this kind of research can realize tangible benefits. A well-documented predictive understanding of the El Niño Southern Oscillation (ENSO) and

other aspects of how our climate works is needed to determine the effects of climate anomalies on our daily lives, and is also needed to guide potential decisions regarding the role human influences play in climate change.

Beyond the waters of the tropical Pacific - where the ENSO signal is measured - are similar climate cycles that are as important to weather and climate patterns over North America as ENSO. NOAA plans to investigate and forecast these other key climate signals - the North Atlantic (or Arctic) Oscillation to learn the its effects on hurricane tracks and strengths in the Atlantic; and the Pacific Decadal Oscillation and its impact on the Northwest salmon fishery. Learning more about these cycles will enable NOAA to improve both climate and weather forecasts and predict their impacts at regional levels. In turn, these predictions can be used by the effected populations to guide a range of decisions from emergency management to agriculture and fisheries.

NOAA also plans to investigate the recently-identified "North American carbon sink", describing on a regional scale the characteristics that lead to the net uptake of

atmospheric carbon by the land. This will be done by sampling the atmosphere from aircraft flying at low altitudes, measuring carbon dioxide levels to see how they vary according to vegetation type and other terrestrial characteristics. NOAA will conduct similar experiments on tropospheric (low-altitude) ozone, measuring variations in its concentration to determine the importance of this gas in regional warming scenarios relative to carbon dioxide.

CONCLUSION/WRAP-UP

In conclusion, Mr. Chairman, the FY 2000 request builds on the progress we have made, with your assistance and support over the past years. NOAA's environmental stewardship and assessment missions are essential to securing our Nation's success in the 21st Century.

In meeting our mission, NOAA continues to focus the efforts of government on what matters to the American people. Success in this changing world increasingly depends on partnerships with business and industry, universities, state and local governments and international parties. NOAA continues to develop these partnerships to leverage

resources and talent, and provide the means for meeting program requirements more effectively. For example:

> The Penobscot Bay Collaborative, a multi-year pilot demonstration funded by the National Environmental Satellite, Data and Information Service (NESDIS) of NOAA, is demonstrating the applicability of environmental satellite oceanographic data to develop predictive tools for understanding lobster abundance in Penobscot Bay in the Gulf of Maine. In a cooperative effort with the State of Maine, local universities and the private sector, the project is helping to help provide improved environmental data and information to resource managers to help them understand and respond to changing ecological dynamics in both near-shore waters and coastal environments. A new generation of resource management tools using satellite ocean remote sensing data is being developed and tested for their suitability in building sustainable marine resource utilization.

The Penobscot Bay Collaborative is also contributing to complementary growth in Maine's emerging information technologies economic sector. The NOAA-NESDIS effort is being joined by a new economic development initiative being promoted by Angus King, Governor of Maine. Known as "Jobs From the Sea", this State initiative is seeking to foster new and expanded opportunities related to Maine's tremendously productive marine waters. A statewide bond issue of $20 million has recently been approved to leverage the State's investment for jobs development in the technology sector.

Through this unique partnership between Federal, State and private organizations, the NESDIS-Maine Penobscot Bay Collaborative not only promotes Maine's emerging technology intensive sector (particularly in spatial information products and satellite application technologies), but also is envisioned to foster more sustainable management of Maine's natural resource-based industries. If successful, the goal is to enable resource managers, technology entrepreneurs,

and private citizens will use environmental satellite data as routinely as they do now weather reports.

The FY 2000 budget is an investment for the 21st century, a step toward a more viable, economically sound, and ecologically sustainable future... where environmental stewardship, assessment and prediction serve as keystones to enhancing economic prosperity and quality of life, better protecting lives and property, and strengthening U.S. trade.

Thank you again for the opportunity to appear. I would be pleased to respond to any questions members of the Subcommittee may have.

D. JAMES BAKER

BIOGRAPHY

Dr. D. James Baker is Administrator of the National Oceanic and Atmospheric Administration (NOAA) and Under Secretary for Oceans and Atmosphere at the U.S. Department of Commerce. In this position, he is responsible for the National Weather Service; the National Environmental Satellite, Data, and Information Service; the National Marine Fisheries Service; the National Ocean Service; and NOAA's Office of Oceanic and Atmospheric Research. He serves as the United States Commissioner to the International Whaling Commission.

He also serves as a Co-Chair of the Committee on Environment and Natural Resources of the National Science and Technology Council and as an ex-officio member of the President's Council on Sustainable Development. He is Co-Chair of the Environmental Working Group and Vice Chair of the Space Committee of the U.S.-Russian Joint Commission on Economic and Technological Cooperation; and Vice Chair of the Science and Technology Committee of the U.S.-South Africa Binational Commission. He served as Chair of Coastal America from 1992 to early 1995 and as Acting Chair of the Council on Environmental Quality from November 1993 to February 1994.

He previously served as President of Joint Oceanographic Institutions Incorporated; as Dean of the College of Ocean and Fishery Sciences at the University of Washington; as a Group Leader for Deep-Sea Physics at NOAA's Pacific Marine Environmental Laboratory; as an Associate Professor at Harvard University; and as a Research Associate at the University of Rhode Island.

He is author of the book *Planet Earth--The View from Space*, published by Harvard University Press in 1990, and has written extensively on climate, oceanography, and space technology issues. He is a fellow of the American Meteorological Society and of the American Association for the Advancement of Science. He has served on numerous advisory committees for the Administration, the National Academy of Sciences, and various international bodies.

Mr. ROGERS. Thank you, Dr. Baker.

We have a little bit of a scheduling problem. Chairman Regula has a hearing waiting on him in his own subcommittee, and by unanimous consent, I would hope we would let him have a few minutes here at the outset so he can go back to his regular chores.

Mr. Regula.

Mr. REGULA. Thank you very much. Thank you.

JASON PROJECT FUNDING

Dr. Baker, just a couple of questions. I understand you had asked OMB in your request to put JASON funding in and that was rejected. Do you have any idea why?

Dr. BAKER. I am sorry to say I don't know why, and I am also sorry to say they didn't include that funding because we think it is a very important part of what we do. We welcomed the congressional help last year, and we continue to try to make it work.

Mr. REGULA. I have had some experience with it with our local high schools, and it is a very good project.

Dr. BAKER. We would like to see that effort expanded.

Mr. REGULA. Very good. Thank you.

LANDS LEGACY INITIATIVE

I am a little confused on the Lands Legacy because that gets into the Interior Subcommittee jurisdiction. I notice that you would be getting some money for dredging and restoration, coastal zone management, marine sanctuaries, et cetera.

If that is accomplished, you will acquire new lands. Who manages those new lands? Normally they would fall under the Department of Interior. If you have funding to do this, do you become the player in the coastal zone management as opposed to Interior?

Dr. BAKER. Yes, sir. I think there are two aspects of the Lands Legacy program. One is there is a set of issues that we thought were critical issues that have to be addressed, for example, providing additional assistance in the management of our marine sanctuaries. We have 12 marine sanctuaries. They are very thinly covered in terms of management. We are looking to do a better job. This is something that each of the states has asked us to do, and $15 million, for example, in that fund is——

Mr. REGULA. That comes out of land and water conservation funds.

Dr. BAKER. Yes, sir.

Mr. REGULA. Which normally is within the Interior Department's jurisdiction.

Dr. BAKER. The other piece of this is the President and OMB decided how they would fund this activity, and it was their decision that they thought that monies from receipts from the Outer Continental Shelf Lands Act, which is a Land and Water Conservation Fund, would be an appropriate funding mechanism for that. It is my understanding that as OMB has looked at that, it was their view that this would be an appropriate funding mechanism for NOAA to operate, although that had not been the case in the past. It had been strictly Interior and Agriculture through the Forest Service.

I think our view has been these are important programs to get done. We think that they should be funded or we should negotiate what the numbers are to be funded. We are not wedded to that fund for doing the job. We think it is important to do it, but as we understand it from OMB, they think this is an appropriate way to fund it.

Mr. REGULA. Well, I understand from OMB there isn't really any money there. It is one of those bookkeeping transactions. It looks like there is money, but it is not there. It is being used for a lot of other things. They probably saw this as an opportunity to fund your activities in the marine area. So I guess we will have to resolve this issue.

PROTECTED MARINE SPECIES

The other question I have—and I don't know quite where the disconnect is—the United States Geological Service (USGS) budget has a decrease of $3.5 million in habitat protection, and at the same time you get a $2.6 million increase in protected species baseline funding.

I don't know if there is a rationale for that. Why drop USGS—and they have primary responsibility—and yet give you additional money?

Dr. BAKER. If this is the protected species area——

Mr. REGULA. Yes, it is.

Dr. BAKER. We have a different responsibility from the USGS in that we protect marine species. We have a different set of species that we protect. I cannot speak to why the USGS funding declined, but——

Mr. REGULA. So you are saying that it is totally two different sets of species.

Dr. BAKER. In terms of protected species. Yes, we separate out those. They do a certain set. We do primarily marine. They do a couple of species, do both marine and freshwater, but our job is protecting marine species, only saltwater.

Mr. REGULA. As far as you know, there is no overlap then?

Dr. BAKER. There is no overlap in the species that we protect, yes, sir.

Mr. REGULA. Okay. Thank you.

Thank you, Mr. Chairman.

Mr. ROGERS. Would the gentleman yield?

Mr. REGULA. Yes.

LAND AND WATER CONSERVATION FUND

Mr. ROGERS. Does the gentleman consider that the Interior Appropriations Subcommittee has exclusive jurisdiction over the land and water conservation fund?

Mr. REGULA. I am not sure. I suspect it does, but I would have to go check the statute that created it. Historically, it has always been an area of responsibility in the Department of Interior, but I don't know—you probably are not certain either—what the statutory authority provides.

Dr. BAKER. Certainly that has been the case in the past. There is no question about that. And this would be a new use. In our

reading of it, it seems to be broader than just those two agencies, but I think that is something that has to be worked out.

Mr. REGULA. We will check that, Mr. Chairman. Thank you.

NATIONAL ESTUARINE RESERVE SYSTEM

Mr. GUDES. You had asked who controls the property. In the Estuarine Reserve System, it is actually state property. It is run by the states. It helps support the states in operating properties.

Mr. REGULA. So you are responding to a state request.

Mr. GUDES. Correct, the National Estuarine Reserve System is operated by the states. NOAA assists them, and actually it is an area where the Congress has been providing funding to increase buffer properties last year, and that is part of the purpose of what the money would be used for.

Mr. REGULA. In other words, this is a response to states asking you to take additional responsibilities.

Mr. GUDES. Part of the initiative is.

Dr. BAKER. Yes. Requests for both marine sanctuaries and estuarine research reserves come from local communities who say: "these are things that we would like to do." How can we do it within Federal guidelines? Then they make a proposal which we work with them on.

Mr. REGULA. Do states provide any of the money themselves for this work?

Dr. BAKER. Yes. In the case of National Estuarine Research Reserve, yes, half the funding comes from the states, and much of the staffing comes from states and state agencies.

Mr. REGULA. Thank you.

OVERALL NOAA BUDGET REQUEST

Mr. ROGERS. Thank you for being here, Mr. Chairman.

Now, let me talk to you briefly about the overall macro-budget proposal. You are proposing about a $400 million increase, offset by about $120 million in decreases, mostly in programs supported by Members of Congress, as well as some supported by NOAA. That is a 13 percent increase, which is one of the largest increases in any agency's budget that we consider, at a time when the budget caps from 3 years ago are biting us the worst ever. We will have actually fewer dollars to spend this year than last year. So in order to get that kind of an increase, we would have to slash a lot of other people to find the money.

CBO determined that the President's overall budget request was $30 billion above the spending caps that are in place for the fiscal year. So the subcommittees here will have to produce bills that live within those caps. We don't have the luxury of abandoning them unless the Congress determines that that is so.

Within the Commerce Department, the original request for the 2000 census included a $1.7 billion increase. We don't have their revised request, but it is going to be substantially higher than that. So what we need from you most, I think, is your help in fitting your budget request into the realities that we have to live with.

The first thing we need is for you to tell us which of the increases that you are requesting are absolutely required to allow

NOAA to carry on its most vital life and safety functions in fiscal year 2000. Which and how much of your increases are "must do"?

The second thing we are going to need is for you to prioritize your requested increases, take all of your increases and rank them in some priority order. You know, I would rather you do that than you make us do that. I think it would be better for the taxpayers if you, the experts, tell us which are more important than the others.

Can you help us with that?

Dr. BAKER. Yes, sir. We do a strict study of priorities within our own agency, and we are prepared to sit with you and your staff and outline the things along the lines that you talked about.

Mr. ROGERS. I am sure everything you have asked for is good and legitimate and nice, and maybe in years when we have more money to deal with, we would be able to talk about them. But this year is not one of those years. It is going to be a real tough year to find the money to do what has to be done.

FEE PROPOSALS

Now, you are proposing in your request the enactment of $20 million in fisheries fees and $14 million in navigation fees. Those are legislative proposals over which we have no jurisdiction and have not been even transmitted to the Congress yet. And if the past is any guide, they are unlikely to be enacted. And that would leave a $34 million hole in your request.

Which of the proposed increases should we take off the table to make up for that $34 million hole that I am sure will be there?

Dr. BAKER. Mr. Chairman, I recognize and fully understand the issues with respect to fees, and I have had a very similar conversation with the Office of Management and Budget who every year, well, not only encourages this but pushes very hard to have such fees added, even though Congress has dictated to us—they have made it very clear to us that certain fees are not acceptable to the Congress.

I think this is an issue that we need to resolve so that we don't have to come back continually with this discussion. I agree with you in two ways. Number one, we very likely will have a hole in the budget, and, number two, we don't have agreement on the fee issue.

I would like to find a process whereby we could see whether there are, in fact, some fees that could be added to the NOAA budget and that we could get agreement with the commercial sector, with the public, with the Congress, about how that could be done, and then see if there is some way we can get agreement on all sides that we will not come back and ask for fees which Congress has continually told us are not going to happen.

I have seen legislation on the navigation fees. We have had the discussion on fish fees. The administration view continues to be that there are certain services where a smaller amount of the public benefits, and so they should pay fees for this. There are such fees in other parts of the Government. But unless we find a better process to deal with it, we will not be able to solve that problem, and we still have a hole in the budget.

As I said, we are certainly willing to sit with you and work out how we can fill these holes which are likely to be there.

Mr. ROGERS. I don't think you have proposed these fees to OMB, did you?

Dr. BAKER. No, sir.

Mr. ROGERS. This is OMB's idea, these fees?

Dr. BAKER. It is OMB's idea, but it is an administration viewpoint that there are certain functions of the Government where the fees should be charged, and they look broadly across and add those to the budgets that come forward, and that is what we see. But as I said, we have been getting congressional direction now ever since I have been administrator that if we simply lay on the table fisheries fees, this is not going to work. And I would like—hopefully maybe next year I would ask OMB to have this discussion. We talked about it in the Department of Commerce. I hope next year we can come back and say we are trying to address this in a more sensible way.

Mr. ROGERS. As I have said in other hearings, I think we are going to have to bring OMB up here and sit them down beside you when you testify so that—I mean, it really irks me that we have you and other Department heads and agency heads that have to march up here and defend a budget you did not submit—that OMB thrust upon them. And they are not here to explain why they are doing these things. Some people down there are fresh out of college, perhaps, at OMB and don't understand the realities of life or the proper role of the executive and legislative branches. I think some of them need to go back to school.

So next year, I think one way to solve this dilemma is for them to be here and face the music, like you have to, defending a budget that somebody else wrote. And it is unrealistic.

Any thoughts about that?

Dr. BAKER. Somehow the fee issue has got to get addressed, I agree. And I think you need to get the parties to the table to discuss it. There are fees that are collected for entry into National Parks and so on. As we have gone back and tried to look at fees in NOAA, we have not come up with good proposals. That is not to say that we could not, but I think we have to have a better process.

Mr. ROGERS. Well, just go back and tell those people at OMB that gave you this fake budget that next year they are going to be here sitting beside you. Would you convey that to them?

Dr. BAKER. I would be happy to.

Mr. ROGERS. And tell me what they say. [Laughter.]

PROPOSED RESCISSION

Now, the same thing is true of the $3.4 million rescission proposed out of prior year emergencies, which does not score as an offset against discretionary appropriations. We have got to fill that hole as well, while we are at it.

Dr. BAKER. Can you comment on that, Scott?

Mr. GUDES. Mr. Chairman, the issue is that I think two years ago the Appropriations Committee did a reprogramming of balances in what we have called the pipeline. And these are the balances that were left over after the Congress redirected the funding.

Mr. ROGERS. No. These are 1992 emergency funds. But, anyway, we will talk——

Mr. GUDES. I am sorry, sir. I don't know the answer to that.

[CLERK'S NOTE.]—Subsequent to the hearing, the following information was provided:]

The $3.4 million is the remainder of emergency supplemental funds provided for a grant to the Louisiana Department of Wildlife and Fisheries for shellfish and fishery habitat restoration in P.L. 102–368. These funds are no longer required.

Mr. ROGERS. You have got another $3.4 million hole that you have to fill.

Now, when can we expect your proposals in view of these new facts about the lack of any fees that will be forthcoming and these other holes? When can we talk?

Dr. BAKER. Well, as soon as we finish the hearing, we are happy to start that discussion.

LAND AND WATER CONSERVATION FUND

Mr. ROGERS. Now, you also ask $105 million for a number of new programs out of the land and water conservation fund that Chairman Ralph Regula was talking to you about which come from offshore oil royalties. Unfortunately, I think for your request under the law, the allowable purposes of monies from the land and water conservation fund are for the National Park System, the National Forest System, and the National Wildlife Refuge System. And as Ralph Regula has said, the subcommittee with jurisdiction over that is Interior, not this subcommittee.

In addition, the Secretary that is mentioned throughout the law establishing the fund is either the Secretary of the Interior or Agriculture, certainly not Commerce. And only Commerce is one that we have jurisdiction over.

It appears that you have a major authorization problem for the $105 million Lands Legacy Initiative that you asked for from that fund, and so we are confused. Is this one of those OMB initiatives as well?

Dr. BAKER. No, Mr. Chairman. We submitted what we thought were responses to public needs for the NOAA programs, and then, in fact, it was OMB that proposed that this particular set of programs which we have on the table, the Marine Sanctuaries, Estuarine Research Reserves, certain work in the Coastal Zone Management Program, be funded from the Land and Water Conservation Fund.

Now, as they reported to us, in their view, authorization, special authorization was not required for the Department of Commerce to use those funds. Although this has not happened in the past, to do this in the future was not precluded from the act.

However, they thought that there might be questions about this in Congress, and so we have also transmitted legislation which we think would cover this issue. But as I said at the beginning, I think our view from NOAA is these are important programs. We would like to see them or some fraction of them funded because they meet needs. And if this funding mechanism is one that is not workable, we are certainly willing to try to find another way to do this.

Mr. ROGERS. Well, we have got another $105 million hole here. OMB is not batting too good today.

COASTAL ZONE MANAGEMENT ACT

Now, within the Lands Legacy Initiative, you request $28 million for community-based smart growth under Section 310 of the Coastal Zone Management Act. Unfortunately again for OMB, there is no authorization for activities under Section 310 of the CZMA, even if somehow non-matching grants to communities for a whole host of purposes could be considered technical assistance. There was a similar request for funding 2 years ago, which was not provided for the very same reason.

Now, how are we going to handle that? Are you going to send up another reauthorization for the CZM Act to carry out what you are proposing here?

Dr. BAKER. Yes, sir. In fact, I understand we have sent up a proposal for reauthorization of the Coastal Zone Management Act, which would include Section 310.

Mr. ROGERS. If history is a guide, it will not pass, and so we are going to have another $28 million hole in your request. You don't want us to appropriate for something not authorized, do you?

Mr. GUDES. Mr. Chairman, much of this bill isn't authorized. For the FBI, the Immigration Service, much of the rest of the Department of Commerce is not authorized.

Mr. ROGERS. But you are asking for a new program, or a new use.

Dr. BAKER. Well, it was an expansion of the 310, which has been one of the more popular programs in coastal zone management, the States' noncompetitive grants.

Mr. ROGERS. We fund things like the FBI under existing authority. This doesn't have that going for it. So we have got another problem here.

I have a host of others, but I am going to yield to my colleague.

Mr. SERRANO. Thank you.

As the chairman said, I came on this subcommittee for the first time, and I fell into the chair of the ranking member. And so I had to spend quite a bit of time just trying to learn different areas of this bill, and I must say that of all the areas, NOAA is the one that seems to be the most complicated because it covers so many things, from the atmosphere to the bottom of the ocean and everything in between. And I want you to help me in terms of the work that some of us have to do in our communities in just dealing with a lot of people.

One of the complaints around here is that we approve and support too many things that too many members really have very little information about.

So if you were to advise me on what to tell constituents of mine who wanted to know what is NOAA in 25 words or less and how it affects their life—I mean, they know about the Weather Service, but past that I don't think they really know NOAA. What would you tell me?

OVERVIEW OF NOAA

Dr. BAKER. Mr. Serrano, I appreciate that opportunity. As you say, the part of NOAA that affects everybody in the country is the Weather Service, and we have the best Weather Service in the

world. We provide warnings and forecasts. As Jack Kelly says, we have a "no surprises" Weather Service that works so well and people tend not to think about it. But the nightly news provides that information.

The Weather Service is not all that we do. We are very heavily engaged in community work that ranges from the private sector out to the private citizen as we do our oceans work. For example, the mapping and charting that we do is, in fact, the oldest part of NOAA, started in 1807, provides that information which is needed for 95 percent of the marine transport that comes into the country. So anybody who drives a car, eats a fish, or is engaged in any kind of thing that has international or even interstate commerce has been involved with some piece of NOAA. So we are providing that kind of information.

The New York-New Jersey harbor, for example, depends critically on the basic information we provide on tides and currents for the big ships that come in, and we are trying to do a better job so the big ships don't go to Canada or to some other ports.

We are also very much engaged in providing the science for natural hazards. As we see oil spills or spills of toxic substances, we provide the science to the Coast Guard and to EPA, which don't have the same capabilities that we have, so that we can do the right job of both protecting people and protecting the nursery habitats for fish.

We are also very much engaged in the Coastal Zone Management Program where we have all states but one, in fact, that have coastlines, providing both in those areas what we call smart growth, growth that both protects the environment but also allows economic development, just as a joint state-Federal program which has been very, very successful.

We are also responsible for archiving and distributing all of the environmental data that the country uses as we look at these longer-term changes.

So any citizen in any part of the country, but particularly in a coastal state, will be engaged with NOAA in many issues every day.

Mr. SERRANO. Now, there are many Members of Congress from districts that are surrounded—not surrounded but that touch on water in many ways, and I have often heard them question how you would be involved with them. What should I tell them?

Dr. BAKER. Well, any area that has marine connections is a place that NOAA is involved. And as I say, we provide monitoring and detection of the pollution that affects beaches. When communities want to develop along a coastal area to build new hotels or new developments, they need to meet environmental standards so that that is sustainably done. These environmental standards are developed under the Coastal Zone Management Act, as I say, which every coastal state, including New York, is a participant. So we are very much engaged in the economic growth of the country as we grow and make sure that we are protecting our environment.

Mr. GUDES. I would just say that whether your constituents are in New York City, in the Bronx, or eastern Kentucky, or Florida, the work that this agency does is critically important to those people. Take hurricanes off of Florida. Take winter storms in New

York. Our agency is the key agency that does forecasting to the public. Our agency is the agency that does climate forecasting for the public. This isn't a coastal issue; it isn't an interior issue. It is critically a life and safety issue, and it is our Weather Service and our satellites that provide that monitoring, that capability for the American public.

Mr. SERRANO. Thank you.

DREDGING IN NEW YORK HARBOR

I also know that you work or will be working closely with the Corps of Engineers, for example, the Corps has identified highly contaminated sediments such as dioxin as a concern in the port of New York-New Jersey project. How will the proposed NOAA initiative impact the ongoing Corps work at the port? And, secondly, are they supportive of your request? Is this a joint effort that they are aware of?

Dr. BAKER. They are very much aware. In fact, the effort that we have in our initiative, in fact, was worked jointly with the Corps of Engineers. This comes from communities saying that we want to be involved in these dredging activities, both as we look at dredging to improve the port but also dredging that could help us either build some new areas or make sure that we don't destroy the wetlands.

Now, on this particular New York issue, do we have any comment on that, Nancy? Nancy Foster is the Director of our National Ocean Service.

Dr. FOSTER. We work very closely with the Corps of Engineers because we are the people that work with EPA on Superfund sites. So we have a great deal of expertise when it comes to the protection and restoration of habitats and living marine resources.

So there is a piece of the Lands Legacy Initiative that deals with dredging. Since we have a concern for the environment and a concern for dredging ports and harbors, as you heard Jim say, the idea is that we bring our communities, local communities to the table early in the process with a view toward not getting these projects hung up at the very end and eliminating costly delays. And the Corps is very interested in this, as is the port of New York.

CORAL REEF RESTORATION INITIATIVE

Mr. SERRANO. I also noticed, Dr. Baker, that you have a new initiative. I don't have it handy how much you are asking, but it is a new initiative to deal with the issue of the severely injured coral reefs in several locations. Could you tell me something about that initiative, where they are located and what condition the reefs are in? And can we, in fact, restore them to some state that we could all be proud of?

Dr. BAKER. Yes, sir. This is an important aspect of our program that we have proposed. Ninety-five percent of the coral reefs are in the Pacific; 5 percent are in the Caribbean and around Florida and the Gulf of Mexico. But they are equally important to us because they affect the tourism and the business and the ecological systems that we deal with.

We have $10 million in here primarily aimed at coral reef restoration, and as you know, recently there was a grounding off

Mona Island in Puerto Rico in 1997 where coral was damaged—seven acres, in fact.

We have new techniques for stabilizing and restoring the coral by gluing part of it back with special underwater concrete. We have ways of coming back and regrowing some of the coral.

Something like 80 to 85 percent of our marine fish use coral reefs as a habitat during some part of their lives, so this is not just a tourist destination, but it is also very important for our offshore marine fishery industry. And we felt that restoring coral reefs, particularly those reefs which are damaged by boat groundings, bad mistakes in navigation and so on, are something that we needed to address. So that is the highest priority for us as we look at the coral reef issues.

Mr. SERRANO. Thank you, Mr. Chairman.

Mr. ROGERS. Mr. Latham?

Y2K COMPLIANCE OF THE NATIONAL WEATHER SERVICE

Mr. LATHAM. Thank you, Mr. Chairman.

As you know, in last year's bill, this committee directed the Department to certify that all the systems were year 2000 compliant by April 1 of this year. However, as of the latest correspondence from the Department, it is not clear that the National Weather Service was certified as being compliant. Would you give us an update on what is going on?

Dr. BAKER. Yes, sir. We are very nearly Y2K compliant in all of our mission-critical systems. We provide quarterly reports, and we continually monitor about $6.2 million of the supplemental funding that we had requested is associated with our process to make sure that we can do that.

We are very close now to being fully compliant in mission-critical systems. Our big supercomputer has been made Y2K compliant, and we are now using the additional funding that we requested to make our non-mission-critical systems Y2K compliant.

I think our experts are convinced that we will be fully compliant well in time for the end of the year.

Mr. GUDES. I think the biggest issue that we have is our new Class VIII supercomputer, getting that installed. We are in the process of installing that in FB–4, Federal Building 4. It turned out that asbestos was in the flooring, and when the computer was put in, the floor moved. We started repairing the floor. Asbestos was found there. We have actually had a delay because of those environmental conditions in Suitland.

I think the only other systems that we have some problems in, our research component, we have the Wind Profiler System. We are in the process of making that Y2K compliant. We did make it Y2K compliant, but it actually ended up inhibiting the ability of the system to do its mission. We had to go back and redesign that system. And I think we have one system in NOS, the Chart Distribution System, it will be Y2K compliant this summer.

The other thing I should say, General Kelly is here. We have done a lot of work with the users on Y2K to ensure that the end-to-end system will work, so it is just not that NOAA ensures that we are Y2K compliant, but that the users are prepared. And the

Weather Service and our satellite service both have done, I think, an outstanding job in that.

Dr. BAKER. I might say, one of the important things we discovered in terms of making sure that we can deliver weather services on January 1, 2000, is that it is not just the fact that our computers can work, but—the people can get the work; that if there is a power outage, we know how we are going to handle the power outages, and the other systems that can affect our internal systems. And so we have also been looking carefully at that, the end-to-end system, to make sure we really are delivering our products.

Mr. LATHAM. That will be fully tested?

Dr. BAKER. We are in the process of doing that. We are doing it right now.

General KELLY. We have actually done two end-to-end tests. The last one was about two weeks ago, with the FAA and a whole host of other users. We have tested our systems with their communications systems and were able to exchange information.

NOAA WEATHER RADIO

Mr. LATHAM. Still with the Weather Service, you have doubled the tornado warning lead times from 5 minutes to 11 minutes. In my district, Fort Dodge, I have been waiting for a transmitter to be put in place since early last year. I know they have been working to resolve this, but the project has been delayed about three times. Could you give me an update on this?

General KELLY. With the NOAA Weather Radio transmitter, we are having intense challenges with the manufacturer. We just went out for a demonstration. It did not work. The wheels are in motion.

Mr. LATHAM. We just had 29 tornados in the state last week.

General KELLY. Yes, sir. But the manufacturer has failed to produce a transmitter that works, so I am kind of reluctant to pay for it.

Mr. LATHAM. That sounds rational. And thank you for being rational.

SEAFOOD INSPECTIONS

One thing I should ask about, being on the Agriculture Appropriations Subcommittee also, is the National Marine Fisheries role in inspecting seafood. The GAO has recommended that that duty be handled by one single agency like the Food Safety Inspection Service. Do you agree with the GAO? I mean, that is an agency whose goal is safe food. Would that be appropriate?

Dr. BAKER. Yes, in fact, we are planning to do a handoff of that. Do we have an answer on exactly where we are with that?

It is in process.

Mr. LATHAM. When do you expect it to be done?

Dr. BAKER. It is about to be transmitted, the proposal to do just that.

Mr. GUDES. In terms of the quality testing of the shellfish and the seafood itself.

Dr. BAKER. So we have been working on it for several years.

Mr. LATHAM. Do we have any idea when this will finally——

Dr. BAKER. Two weeks to get the proposal up here, and then depending on how we can make things happen, we will be pushing it. But this is something we want to do, absolutely.

[CLERK'S NOTE.—Subsequent to the hearing, the following information was provided:]

The President's Budget for FY 2000 includes a provision to transfer the U.S. Department of Commerce voluntary Seafood Inspection Program from the National Oceanic and Atmospheric Administration (NOAA) to the Food and Drug Administration (FDA). The transfer of the existing Program to FDA, where it will continue to operate as a separate fee-for-service activity, will be accomplished as part of the Department of Health and Human Services/FDA appropriations process, if the Congress concurs. Separate legislation to establish the Program as a Performance Based Organization (PBO) and transfer it to FDA is anticipated in the near future. Although the program can function at FDA without PBO legislation, this legislation will be very beneficial in that it will provide a firm legislative foundation for the voluntary program to operate within FDA; establish a new management position, the Chief Operating Officer, to manage the program; and affect other operating efficiencies.

Collocation of the two Federal seafood inspection activities at FDA makes good public policy sense. FDA is a food agency—Commerce is not. This reorganization also addresses confusion regarding who to talk to about Federal seafood inspection. FDA will continue to carry out its mandatory hazardous areas/critical control points (HACCP) seafood safety program, and the voluntary program will continue to offer its services through a separate organization—both within FDA.

One probable benefit to the voluntary program's customers resulting from the transfer is expected to be reduced overhead costs for the program which will translate into lower future rates than would otherwise occur. FDA will also have the opportunity to eliminate redundant or overlapping inspections relative to the voluntary program's customers. By recognizing that these plants are already operating under Federal oversight, FDA can redirect valuable inspection resources to address other priority seafood or food safety needs. This will not add to the voluntary program's customers' costs but will result in more effective use of our Government's food safety resources.

[Note: The legislation has not yet been transmitted.]

LA NIÑA SITUATION

Mr. LATHAM. Just one more question here, I guess, and this is an "aggie" question, in a sense. We have had El Niño, and normally as far as adverse conditions such as drought in the Midwest, La Niña is what normally is the bigger problem. Do you have any predictions or estimates of what we are going to see this year in the Midwest?

Dr. BAKER. Right now, the models all agree that we are going to have a continuing La Niña situation for at least the next 3 months, and normally all the models don't agree when we are looking at these long-term forecasts. But the fact that they do agree I think means we have a pretty robust forecast for that, so typical La Niña conditions there for this coming 3 months. Three months is about as far forward as we can forecast at this point.

The Pacific Ocean is cold at the moment, abnormally cold. It is staying that way. All of our information says it is going to continue that way.

Mr. LATHAM. So the prediction in the Midwest, the normal La Niña would be drought?

Dr. BAKER. That is right.

Mr. LATHAM. So we can hope for higher grain prices because of——

Dr. BAKER. I am not getting into that. [Laughter.]

But there definitely is a connection.

Mr. LATHAM. I know, and I think the chairman and I talked a lot about La Niña when we were over on our trip together.

Dr. BAKER. Mr. Latham, I should say that one of the things that we are trying to do is to improve that forecast because I think we saw the importance of doing an accurate El Niño and La Niña forecast over the past 2 years. And so one of the requests in our budget is to expand the observing system that we have in the Pacific Ocean so that we can, in fact, provide better information for these longer-term forecasts.

Mr. ROGERS. Thank you.

Congresswoman Roybal-Allard.

Ms. ROYBAL-ALLARD. Thank you, Mr. Chairman.

DREDGING ISSUE

Coming from California I am acutely aware of the importance of our ports and the importance of trade. I would like to get back to the dredging issue where I understand that it has been estimated that you have to dredge about 400 cubic yards annually at our ports.

Could you elaborate a little bit more on this proposal and how California will benefit, particularly the L.A. port, in light of the fact that we are building the Alameda corridor, which is intended to really allow for greater imports and exports in that area?

Dr. BAKER. Congresswoman Roybal, I grew up in Long Beach, California, and I watched it. When I was growing up, I watched the whole port slowly sink as they took away a lot and did not replace it with water. Fortunately, we are past that point now as we pump water back in and oil comes out.

But we have been very much engaged in the dredging issues, both in the Los Angeles/Long Beach Harbor and also in the San Francisco Harbor because as I said it is important to those communities to make sure that we can continue to have big ships come in so that we can have the commerce that makes sense for us.

One of the things that the communities have asked for, both, all around San Francisco Bay and in the Southern California area, is to find a way that we can both dredge, which is economically critical, but find a place to put the dredge spoils that make sense. They do not hurt the wetlands but they can allow communities to develop some more land or put it in a place that makes sense.

And that is the proposal that we have in—I think it is $10 million—in the Lands Legacy Initiative is to work with the Corps of Engineers to do that.

We also will be establishing with the funds that we are requesting in this budget a new information system in the Long Beach/Los Angeles Harbor. It is called the PORTS, Physical Oceanographic Real Time System, because the big tankers that come in want to know what the tides and the currents and the winds are and they want to know it right now, in real time.

And, so, we are putting in place such a system so they can get that information. This has proved very valuable in the four ports where we have it now. And the mariners love it.

So, we are trying to address both the community concerns and the economic concerns with the new issues that we have on the table.

Ms. ROYBAL-ALLARD. Now, I believe that up North, when you were dredging, you ran into some contamination problems. Is there some anticipation that the same thing could happen in Los Angeles and are you prepared to deal with that?

Dr. BAKER. Well, I think that it is pretty clear that we are going to have contamination problems because there is no port where you dredge where you do not have some contamination. It is a question of what it is, how you can deal with it.

There is a huge DDT problem right off the Pales Verdes area.

Mr. GUDES. Actually our program is not proposing to do the dredging, but rather work with communities in terms of effective, efficient use and environmental use of the dredge spoils. So, to be able to use dredge in ways that are creative. In Maryland, here, for example, Popular Island, where dredge spoil from the Chesapeake Bay is being used to restore those islands, which have eroded over the years and to be able to rebuild those islands.

That is the concept.

Ms. ROYBAL-ALLARD. What happens if it is contaminated though?

Mr. GUDES. We are trying to find ways actually to be able to more effectively use contaminated spoils so that it can be used and be capped, I believe.

Do you want to elaborate?

Dr. FOSTER. That again is one of the uses of this Lands Legacy proposal. From the beginning it was to get the community and the concerned folks to the table so that you can decide based on all the experts, whether or not it is something that you could use. And if there is any way to treat it and what is the safest way to deal with it. And if not, then to select the safest disposal method so that people are comfortable with what is going to happen upfront.

NOAA PARTNERSHIP WITH HBCUS

Ms. ROYBAL-ALLARD. I also noticed that on your budget proposal on page 4, you include a million dollars to establish an educational training relationship, a partnership with historically black colleges and universities.

Could you elaborate a little bit on what you hope to accomplish through that and if, at any time, you intend to expand it, for example, into the Hispanic-Serving Institutions.

Dr. BAKER. Yes, we do. We are, in fact, looking at the moment to have an expansion of that program and we are talking to the various representatives of the Hispanic-Serving Institutions. It is our view that the work place in the Government should reflect the citizenry of the United States and, yet, it does not do that. It is very skewed in terms of minority representation.

We believe that the environmental area is one that is exciting and interesting and we have been approached by these groups of colleges and universities saying is there a way that we could work with you to provide programs and infrastructure that would both help your scientific programs but also develop interesting ways for students to come up through the programs and then contribute either to your agency or in the rest of the work force.

So, we have been closely working with the representatives of those institutions to find a way that we could do something that was relevant to our mission and, yet, could help build capacity in

those institutions and we are jointly putting together a program to do that.

Ms. ROYBAL-ALLARD. Are you doing anything, for example, at the high school level? At least trying to get information out to let them know that there is even——

Mr. GUDES. Actually we——

Ms. ROYBAL-ALLARD. By the time you get to college, if you have not taken the right classes——

Dr. BAKER. Yes, exactly. And we have two areas where we have been involved in lower than college institutions. And one is the GLOBE program where we have students in the early grades taking environmental measurements and then putting these measurements on the Internet. Maps are then made and the information is sent back to the schools.

We use the information in our scientific determinations but it also helps the students get engaged in this process. That is the GLOBE program and there are over 2,000 schools involved in this program.

And then we have also been very supportive of the JASON program which is a way of getting information out from underwater exploration out to schools through a National Geographic activity. And we would like to expand those things because that is a way of showing students what can be done and getting a good interaction back.

Ms. ROYBAL-ALLARD. Could I get more information?

Dr. BAKER. Yes, I would be happy to send you some more information.

Mr. GUDES. I also think that, you know, our activities are located through the country and in Chairman Rogers' district; the Weather Service Office works with local schools. That happens throughout the country. The Fisheries Service in Florida has adopted a Marine Science School, Madeira Beach High School, just North of St. Petersburg. And this is something that is ongoing all the time. Our hurricane pilots are out talking with students.

I met with Cabriole High School in Longboat, California, when I was out there.

Ms. ROYBAL-ALLARD. Well, maybe I can get something going in my area.

Dr. BAKER. And we also hire students during the summer, summer interns. This has been a very successful program. They can come in, see some of the exciting things that we do and then they can go back to their schools and get more engaged.

Ms. ROYBAL-ALLARD. Well, if you could just provide me with some——

Dr. BAKER. Yes, we would be happy to do that.

Ms. ROYBAL-ALLARD. More information.

Thank you.

Thank you, Mr. Chairman.

JURISDICTION FOR DREDGING

Mr. ROGERS. Dr. Baker, the Corps of Engineers would be surprised, I think, to know that you are into the dredging of harbors business. And I think the EPA would be surprised that you are in

the business of deciding what to do with the spoils out of those dredges.

You have no jurisdiction for that.

Dr. BAKER. No, sir. And I did not mean to say that we are involved in dredging. But we are involved there in two areas. One is in mapping of areas that have been dredged in case there are changes in the shape of the ocean bottom because this is something that the big tankers are very interested in knowing. That is one area.

And the second thing is in helping communities with scientific information to help communities decide what to do with dredged material. That was the basis of our——

Mr. ROGERS. Where does EPA fit into that? I thought that was what EPA was doing.

Mr. GUDES. We actually do, at the National Ocean Service, work with EPA. In fact, we have individuals located in EPA's regional offices in damage assessment, in restoration, in hazardous materials, the oil spills are issues. And we actually now do consulting on some issues that are very similar.

Mr. ROGERS. I suggest you stick with your authorization and stay out of other people's business.

We got enough hands in the pie.

Mr. GUDES. Mr. Chairman, we are authorized to do those things.

Mr. ROGERS. Well, not these things.

Mr. GUDES. We are authorized. We deal with these type of issues every day. In the case of the Prince William Sound with EPA, we were, Dave Kennedy, from the National Ocean Service, was probably the lead individual who worked on trying to deal with the restoration of those beaches in the Prince William Sound area.

Dr. BAKER. Part of the CERCLA authorization.

Mr. ROGERS. Well, Prince William Sound is different than the regular dredging process. That was a specific disaster relief.

Mr. GUDES. I am sorry, Mr. Chairman, are you just talking specifically about dredging, only dredging? I thought you were talking about the whole——

Mr. ROGERS. The whole conversation you had with Ms. Roybal-Allard was about what you are doing in dredging the harbors in California, which you have no responsibility nor money. The EPA deals with the hazardous deposits and so forth. You have a very limited authorization to deal with anything dealing with dredging. And I do not want this agency reaching out and trying to bring somebody else under your jurisdiction. We will not stand for it.

Enough of that has gone on in NOAA already. And in this budget request, my gosh, you are proposing to seize the Interior Department. And there are other agencies that you are just sort of swallowing up if you have your way, and that just is not going to happen.

Mr. Miller.

MOTE MARINE RESEARCH FACILITY

Mr. MILLER. Thank you, Mr. Chairman.

I think I am the only cultural member of this Committee from the Gulf of Mexico.

Mr. LATHAM. You have Puerto Rico. [Laughter.]

Mr. SERRANO. You have Long Island Sound.

Mr. MILLER. You have the coast, too?

A couple of different things. This is my first year on this Committee also but prior to entering Congress I was on the Board of Mote Marine research facility. So, I am familiar with NOAA. My predecessor in Congress, Andy Ireland, took my job on the Mote Marine Board when I got elected to Congress, and we just switched jobs there.

But you mentioned Bob Ballard and the JASON project and that is a really good program. It is one of the great ways that Mote Marine really excites young people. And Bob comes to Congress a lot and gives a little demonstration most years, too. So, that is the type of program that you need to get young people excited.

So, you all provide direct support for that program?

Dr. BAKER. Yes, we do.

Mr. MILLER. Do you know how much?

Dr. BAKER. It is about $1.75 million.

Mr. MILLER. That is the type of thing that you need to get young people involved in science.

Let me go quickly then. One area that is of interest to me is red tide. You all have done some research on this harmful algal bloom work and I know that Mote has done some of that work. Where do we stand on that issue as far as progress and funding levels? And it was authorized last year.

Dr. BAKER. Congressman Miller, this has been, I think, a very important issue. In fact, in my mind is one of the most important problems that is facing coastal states and the country is the fact that as we put new chemicals into the ocean we are changing the chemistry of the ocean. We are putting phosphorus and nitrogen and heavy metals out as non-point source pollution; it is changing the chemistry and it is changing the biology such that we are getting more and more toxic substances growing in the coastal areas.

And we can show you maps and increasing trends of these. Red tides are one example. Brown tides, dead zones, all kinds of toxic substances, toxic animals, toxic plants that grow and they seem to be primarily more toxic than you would expect just for the number of nutrients that are there.

In my view, the changing chemistry of the ocean leading to these toxic substances is a more important issue than the changing atmospheric issue that leads eventually to the change in climate.

And I think it is something that we have to address. The NOAA role here is accurately monitoring, doing the science, finding out exactly how the chemistry is changing and trying to understand the biology and then providing that information out to communities.

Right now, we have $11 million in our budget to do that. We will be looking to do more in that area because I think it is absolutely critical for communities to know what is the change in chemistry and how are the substances changing?

This has a direct impact on fisheries, it has a direct impact on people using the beach. And as I said, it is not just toxic substances but it is also lack of oxygen that happens. We have this area the size of New Jersey in the Gulf of Mexico that is a dead zone because of all the chemicals and we are trying to understand the ex-

tent of that, the science of it, so we can learn how best to deal with it.

Mr. MILLER. How much of that do you do as in-house research versus, you know, external?

Dr. BAKER. I think approximately 72% of this is external. And as we propose programs we are trying very hard to do this work outside with the university community which is critical. And there is some private sector involvement also.

Mr. MILLER. Is there a bias toward the university performing this research? What about labs such as Mote Marine that are not affiliated with a university?

Dr. BAKER. Actually Mote Marine is a great lab. And I have known the directors and been involved in their activities. They do excellent work and have a good reputation.

Mr. MILLER. But it is not a university.

Dr. BAKER. The way we run our programs it is a competitive procurement.

Mr. MILLER. It is funded significantly below the authorized level. Is that because the authorized level was too high or is it not a high priority?

Dr. BAKER. Mote Marine?

Mr. MILLER. No, no. The issue of——

Mr. GUDES. The blooms are funded under several programs in NOAA, the Coastal Ocean Program, the Sea Grant Program, and then some of our NOS laboratories we do the work in Charleston, South Carolina, for example, is a lab that works on the toxic substances.

Mr. MILLER. Let me switch to another thing. I guess Mote Marine gets involved with sharks and what is happening in that area of research. And I guess NOAA is taking a more active role on these migratory marine fishes.

Dr. BAKER. Absolutely.

Mr. MILLER. Like shark and tuna, et cetera.

And Mote has been doing some of that work.

Dr. BAKER. They have been doing some of that work.

Mr. MILLER. And, you know, enhancing some of those stock because there has been a perception that younger kids go out and go shark fishing.

Dr. BAKER. Sharks are a real interesting example of a problem that we face. They are long-lived and they are being heavily fished these days. There is a lot of finning of sharks. To understand their basic biology of sharks, their life-cycle, the recoupment of sharks is something that is important. And Mote Marine has a long history of good work here. We have a competitive shark program I believe.

And Mote participates in that but I do not know more details beyond that.

Any other comments about the shark program?

Dr. ROSENBERG. Mote Marine Lab does actually receive funding for us to work in the history of sharks. They have also hosted several stock assessment and working group meetings with bringing in outside experts to work on the status of shark resources.

So, they have been intimately involved in the process of developing this science.

Mr. ROGERS. You need to identify yourself.

Dr. ROSENBERG. I am Andrew Rosenberg and I am the Deputy Assistant Administrator for the National Marine Fisheries Service.

Mr. MILLER. The Shark Research Center that is designated somehow or another.

Are you getting a new ship?

FISHERIES RESEARCH VESSELS

Dr. BAKER. We are proposing a new fisheries research vessel in the budget to replace, to start the replacement of some of our 30 to 35-year old ships.

Mr. MILLER. Is this something that GAO and some others have questioned whether you should be in that business directly or whether you should be contracting that out rather than owning and running these ships?

Dr. BAKER. Yes. We have had a continuing discussion with both the GAO and the Inspector General in the Department of Commerce about the role of Government-owned versus outside capabilities for ships. And since I became the Administrator we have drastically changed the ratio of in-house versus outside facilities.

Today we are doing more than half the work that we do in mapping and charting is contracted out. And we are moving in that direction in research and we are looking at ways that we can maximize both our use of outside contractors as well as having in-house expertise.

Our plan is that at the moment that this ship would be built with Federal funds and we are planning to operate the first ship Federally but the other ships which are in the outyears, we are still open to determining how that might be done. And we are looking at potential university consortia or private sector consortia to operate those.

Mr. MILLER. But the decision was made that you are going to build your own ships?

Dr. BAKER. For this particular ship. I think that overall the mix of NOAA ships when I came in the plan was to build and operate a Federal fleet of 30 Federal ships. With the help of this Committee, the GAO, the Inspector General and others, we have drastically changed that mix. We are moving closer to a 50/50, inside/outside mix of the way we operate vessels.

Mr. MILLER. How many ships do you have?

Dr. BAKER. We will have a fleet of 15 ships that we are currently operating.

[CLERK'S NOTE.—Subsequent to the hearing, the following information was provided:]

NOAA FLEET STATUS IN FY 1999

Ship/Homeport	Length (Ft)	Displacement (Tons)	Age	Mission	Current Working Area
ALBATROSS IV Woods Hole, MA	187	1,089	36	Fisheries Research	U.S. Northeast Atlantic Coast
DAVID STARR JORDAN San Diego, CA	171	993	33	Fisheries Research	Pacific Coast of U.S. Central & South America
DELAWARE II Woods Hole, MA	155	758	30	Fisheries Research	U.S. Atlantic Coast
FERREL Charleston, SC	133	360	30	Environmental Assessment	U.S. Atlantic Coast, Gulf of Mexico
GORDON GUNTER Pascagoula, MS	224	2,285	8	Fisheries Research	Gulf of Mexico, South East Atlantic Coast, Caribbean
JOHN N. COBB Seattle, WA	93	250	48	Fisheries Research	S.E. Alaska, U.S. Pacific Coast
KAIMIMOANA Honolulu, HA	224	2,285	9	Oceanographic Research	Equatorial Pacific
McARTHUR Seattle, WA	175	995	32	Protected Species Env. Assessment	U.S. Pacific Coast
MILLER FREEMAN Seattle, WA	215	1,920	31	Fisheries Research	U.S. Pacific Coast, Alaska
OREGON II Pascagoula, MS	170	952	31	Fisheries Research	Gulf of Mexico, Caribbean,.U.S. South East Atlantic Coast, South Atlantic Ocean
RAINIER Seattle, WA	231	1,800	31	Charting & Mapping	U.S. Pacific Coast, Alaska
RUDE Norfolk, VA	90	220	32	Charting & Mapping	U.S. Atlantic & Gulf
TOWNSEND CROMWELL Honolulu, HA	163	652	35	Fisheries Research	Hawaiian Islands, Central Pacific Ocean
WHITING Norfolk, VA	163	907	35	Charting & Mapping	U.S. Atlantic Coast, Gulf of Mexico, Caribbean
RONALD H. BROWN Charleston, SC	274	3250	2	Oceanographic Research	Atlantic/Pacific

Mr. MILLER. What size?

Dr. BAKER. Well, they range from 270 feet all the way down to about 70, I think, in that 15.

Dr. ROSENBERG. The shortest which is about 100 or something like that.

Mr. MILLER. I look forward to learning more about the entire NOAA because I have heard a lot about it. One Federal facility I have in my district—and I have very little Federal involvement—is the Weather Service Office. Because I visited the facility a couple of years ago, in Ruskin, Florida, and it is not a large operation. But I have been there and it is an impressive facility. But that is the only Federal facility I have that is in my district.

But I look forward to learning more about it.

Thank you, Mr. Chairman.

Mr. ROGERS. Mr. Wamp?

Mr. WAMP. Thank you, Mr. Chairman.

Welcome, Mr. Secretary. I, too, appreciate the National Weather Service and the cooperation we have there, Congressman Cramer and I, on the kind of emergency location there. And it has served us extremely well since it was put into action, placed into action, and I am positive that it saved lives since it was put into operation.

INVASIVE SPECIES

But today I want to ask about the invasive species issue. It is very germane to the Tennessee Valley in that there are probably two dozen known invasive species that are a major environmental problem to us. And we have a chair of excellence at the University of Tennessee, David Simberloff, who is one of the experts in our country on this particular issue.

I just wanted briefly to go through how you coordinate with USGS and Interior agencies. I am also on the Interior Subcommittee and so this cuts both ways for me here on this particular problem of invasive species.

Dr. BAKER. Well, we coordinate very well with the Department of Interior on this. In fact, we co-chair the Aquatic Nuisance Species Task Force, which is one that the President established by Executive Order this past year.

Bruce Babbitt and I co-chair that and that is our responsibility in aquatic species. And we are working very hard. I do not have the numbers on what we are spending on that. Do we have a basic species number?

Mr. GUDES. No.

Dr. BAKER. But this is something that is a very high priority for us. The President has established an Executive Order and we are looking at a whole series of things from Zebra mussels to green crabs in California and the Pacific Northwest and a variety of other things that have an impact. It is something that we take very seriously and we have full coordination since we co-chair that task force.

Mr. WAMP. And I realize that it is still relatively new. The American people do not fully understand it. And I hope they will understand what a great environmental threat it is but with respect to the aquatic side of this double-edged problem it seems to me like great or maybe a greater emphasis is placed on ports versus inland

watersheds. And I just wondered where the greatest threats are and what is being done specifically in watersheds like the river systems in the Tennessee Valley region with respect to invasive species there? We have problems, obviously, but I know a lot of attention goes to the ports.

Dr. BAKER. Well, ports are important. The NOAA responsibility is both for the coastline and for the Great Lakes. And, of course, the Zebra mussel, which is one of the most invasive species that we have, started in the Great Lakes. And, so, we have been doing for a long time research on trying to understand the life cycle and the issues that are associated with the growth of the Zebra mussel, which is now extending out over most of the watershed in the Eastern part of the United States.

It has not quite made it across the Rocky Mountains yet but it is still covering most of that part of the United States. So, this is something that we are very engaged with and that is probably the biggest effort that we have, I think, the Zebra mussel effort. And, so, that is one that really is not just a port issue, but it is very much a waterways issue also.

Mr. WAMP. As I see your Lands Legacy pop up in half a dozen places, is the Lands Legacy part of that issue directed at invasive species?

Dr. BAKER. The invasive species request is about $1 million and that is separate from Lands Legacy. I do not believe that is included. We do not have a piece of Lands Legacy here. We have $1 million proposed for invasive species this year. And does that include the current funding on the Zebra mussels that we have, which must be in addition to that?

Mr. GUDES. The Zebra mussels is about $2.8 million.

Dr. BAKER. Most of our expenditures are directly out to the states on the aquatic nuisance species.

Mr. GUDES. And the Great Lakes Environmental Research Program.

Mr. WAMP. One of the minor points of paranoia that exists on our side of the aisle here with Lands Legacy is that with this many different agencies cooperating who is the umbrella agency overall of Lands Legacy? It seems that one of the fears is that this is a way to take the issue of climate change or global warming or both and try to, through Lands Legacy, spread out the forces and maybe even enact some of the Kyoto recommendations without ratification by the Senate.

And I raise that issue just because I see you all as the probable umbrella agency. Is that the direction that we are headed?

Dr. BAKER. No, sir.

There is no connection with what we have proposed under the Lands Legacy program and the issues of global climate change or Kyoto compliance. The issues which we have addressed under Lands Legacy are the issues of coastal zone management, marine sanctuaries, National Estuarian Research reserves, which are strictly local and regional land management issues, which communities have asked to be involved with. It is in no way connected with the global change or Kyoto compliance issues.

Mr. WAMP. So, you could say that had Kyoto would not even come up, we would still be doing your portion of Lands Legacy in their entirety just as good environmental solutions?

Dr. BAKER. Absolutely. In fact, the issues which are on the table for the Lands Legacy program were on the table when I first came in as administrator in 1993.

Mr. WAMP. And they are not related to climate change?

Dr. BAKER. Absolutely not.

Mr. WAMP. Thank you, Mr. Chairman.

Mr. ROGERS. Thank you.

SALMON RESTORATION ACTIVITIES

Now, let me get back to the budget. You asked for a new $100 million grant program for West Coast States, Washington, California, Oregon, related to salmon restoration activities.

You have indicated that the authorization for that program is in Section 6 of the Endangered Species Act. That section does provide for financial assistance to States. It authorizes appropriations from the Cooperative Endangered Species Conservation Fund in the Department of the Interior.

It does not authorize appropriations of general account monies, as you propose in your budget. Is that yours or is that OMB?

Dr. BAKER. Well, we believe that we have authorization for this. Let me ask our general counsel if she has a comment on that fund.

Ms. Medina, this is authorization for the salmon fund.

Ms. MEDINA. Yes. We have an authorization under the Endangered Species Act under Section 6, and under the general purposes of the statute to recover these species.

Mr. ROGERS. It authorizes appropriations only out of the Cooperative Endangered Species Conservation Fund, which is in the Department of the Interior.

Ms. MEDINA. I believe we have cooperative agreements with states in place now, Mr. Chairman, and our authority derives from this portion of the Act and the Secretary, as defined in the Act, is both the Commerce Secretary and the Interior Secretary.

But perhaps you should have a legal discussion of the authority that is in the Act.

Mr. ROGERS. We will have a staff discussion of this but I think that is in the Department of the Interior.

Ms. MEDINA. We would be happy to discuss it with you further.

Dr. BAKER. We should look at it in more detail.

Mr. ROGERS. You can discuss it but I suggest that you read the statute first. Nevertheless, it is the Chair's opinion that it is in the Department of the Interior.

Until you can prove to me otherwise, that is the way that we are going to interpret it.

That is an indication that other agencies, such as Interior, are given the predominant role by statute with respect to the Endangered Species Act, as it should be. And I have to tell you that this agency is reaching out and grabbing other people's jurisdictions. And I do not know what is driving that, Dr. Baker. You are not that kind of person.

Dr. BAKER. But we have responsibility for marine species under the Endangered Species Act. And salmon are defined as our re-

sponsibility there. It is a joint responsibility depending on exactly where the salmon are. But that is a definition in the Act that NOAA is responsible for the marine species and we have separated out those species so we do not have overlap on it.

Mr. ROGERS. I understand that but you are using a fund in the Department of the Interior which by statute you cannot use.

Dr. BAKER. I guess our view is that the funding can be used by NOAA but we are certainly willing to have this discussion with you as soon as possible and I understand your point there.

Mr. ROGERS. All right. In any case, the Endangered Species Act as a whole is going to require reauthorization.

Dr. BAKER. Yes, sir.

Mr. ROGERS. Will the Administration be proposing legislation to increase NOAA's role and to authorize a general appropriation of monies to carry out Section 6?

Dr. BAKER. Certainly as we have gone forward in discussions about reauthorization of the Endangered Species Act, we have r planned, as my understanding, to change the NOAA role with respect to what species we are responsible for.

Mr. ROGERS. Well, at any rate, here is another $100 million of your budget that, in my opinion, is not authorized.

FLEET MODERNIZATION

Now, back to the new fishing boat that Mr. Wamp or, I think, Mr. Miller discussed with you.

Dr. BAKER. Yes, sir.

Mr. ROGERS. You are asking for $52 million for a new ship. As you know, GAO remains concerned about whether NOAA is aggressively pursuing the most cost-effective alternatives for acquiring marine data. And, in fact, they label it as one of four major performance and management issues facing the department.

On February 24th, GAO indicated they did not know whether NOAA's proposed replacement ship was the most cost-effective alternative currently available because it had not had a chance to review the latest studies of NOAA's fleet modernization efforts or its acquisition plan for its fisheries research mission.

Tell us whether the purchase of a fisheries ship is the most cost-effective alternative; what examinations were made of the cost of the different alternatives; and, what your long-term fleet plan is?

Dr. BAKER. Yes, sir.

We have carefully looked at this question of, as we need new seagoing capabilities, whether we should do this in-house, whether we should do this with a private sector providing ships and the capacities to do this. And we have continuous reviews of the cost-effectiveness of this plan.

And, as I said when I came in, we had a fleet of 30 Federally-owned ships, today we are down to 15. And we are always looking at new ways of doing things.

As we looked at the fisheries issue the big problem that the fishery management faces is stock assessment. The kind of stock assessment that we need to do needs to be done with acoustically quiet vessels. There are no such vessels available in the private sector today.

And, so, we have gone out to try to find out how we can best get such a vessel. We have focused our fleet replacement on this particular area of the fleet which is the fisheries stock assessment whether than any other part of the fleet. And we did have an independent review done by a consultant, Craig Dorman, who had worked for the Navy and he is very familiar with this. We would be happy to provide that independent review and we would be happy to have GAO take a look at this once again.

[CLERK'S NOTE.—Subsequent to the hearing, the following was provided:]

A copy of the Dorman report as well as a copy of the NOAA Fisheries Data Acquisition Plan is attached.

April 1998

SUBJECT: NOAA NMFS Fisheries Research Vessels (FRVs)

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Introduction. On 14 January 1998, Bill Mehuron asked me to help NOAA address your and their residual concerns regarding NOAA's fleet modernization plans. The most immediate issue, which this memorandum addresses, is replacement of NMFS FRVs, in anticipation of funding the initial vessel in the FY2000 budget. As I recall our conversation that day, there is no disagreement that NMFS needs to replace its old ships. At issue however is that NMFS has developed a point solution - namely to purchase and operate[1] six new vessels, three each of what they refer to as the FRV 30 and FRV 40 class[2]. It is important before committing the funds, on the order of $50M per ship, to be reassured that the requirements make sense and that all other reasonable options have been considered. I agreed to try to respond to this request by late April[3].

With the support of NOAA and in particular NMFS, and with the approval of the Chief of Naval Research[4], I have spent considerable time over the last three months trying to understand what NMFS does, why and how it does it, what its needs are for sea going science and monitoring, and what the options may be for satisfying those requirements. My process has included:

- a review of applicable law and regulations[5], and discussions with both NOAA employees and congressional staff to help me understand the intent of the governing legislation;
- briefings by and discussions with NOAA Headquarters personnel to understand their view of ship requirements, the requirements generation process, and the evaluation of alternatives;

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[1] NOAA management has made it very clear that they don't care how they get the ships, they just need the dedicated support. The staffs responsible for the ship acquisition and operation, however, equally clearly and strongly advocate government buy and NOAA Corps operation.

[2] 30 and 40 relate to days endurance

[3] My tasking was informal, based solely on our conversations that day. I believe it was clear that what I was asked for and agreed to provide was my personal best advice and opinion, based on my experience and a review of the issues. I was assured that NOAA would fully cooperate and support my review, as has been the case.

[4] I am a Senior Scientist at the Applied Research Lab of Pennsylvania State University, on an Intergovernmental Personnel Act detail as a special assistant to the Chief of Naval Research.

[5] Focusing on the Sustainable Fisheries and Magunson-Stevens Fishery Conservation and Management Acts, the Marine Mammal Protection Act, and the Endangered Species Act

a review of the FRV requirements documents and discussions with NOAA personnel and their support staffs (NOAA, Navy, contractors, etc) involved in ship definition, design, and acquisition planning;

- a series of written questions to NOAA staff about various aspects of NMFS' operations, budgeting, requirements, etc.; these questions and NOAA's written responses (annotated with my comments as I read them) are included as an Appendix[6];
- correspondence and discussions with members of the research community about technical aspects of the ship requirements[7] and associated technologies which may be applicable to NMFS' mission, tasks, and research plans;
- similar interaction with ship operators about their willingness and ability to meet NMFS' needs; and
- visits to Miami, FL, Seattle, WA, Sandy Hook, NJ, and Woods Hole and Saugus, MA to meet with representatives of the Fishery Science Centers, the Fishery Management Councils, the fishing industry, NOAA Environmental Research Labs, and academia to help me understand both how NMFS operates, and some of the technical and socioeconomic aspects of fisheries research and management.

While I do not pretend to have been complete in my inquiries, I do believe I have gained a reasonable appreciation for the jobs the ships are supposed to do, and of the importance, for understanding and managing our marine living resources, of knowledge that only sea-going can provide. It has been a lot of fun and a great learning experience, and I particularly appreciate the help of the staffs of the Fishery Science Centers and Management Councils. I hope that they as well have benefited from our interchange.

Based on what I have learned, tempered necessarily by my own background in sea-going or otherwise ocean and ship related national security, research, and commercial operations, I want to first provide you with some general comments and opinions that I believe relevant to your concerns. Much but not all of this material is widely accepted background information, but I believe it would not be proper to exclude the general basis for my views from this report. From this I will attempt to derive what I believe to be the basic issues driving decisions relating to replacing NMFS' current seagoing capability. I will then comment on various aspects of NOAA's requirements definition, alternatives assessment, and acquisition process and plans, during which I will suggest some alternatives and approaches to options. Finally, I will provide a few specific recommendations. Because both NOAA's request and this response are informal, I have not appended the large volume of material that I have been provided[8]. All this material as

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[6] NOAA provided only hardcopy responses, so the electronic version of this memo will not contain these appendices. In addition, their estimates of outyear costs are not for public release, and therefore not included.

[7] In particular the ICES acoustic spec that is one of the principal cost and design drivers

[8] Again, because of the informality of this report, I have not cited the literature in detail. To do so is certainly possible, but not part of my charge or doable within the requested time frame for getting this to you. Certain publicly available material however is particularly relevant or interesting, and forms the basis for many of my opinions. I commend the following to you as important background reading:

a. CBD submission No 179346, posted 16 March, announces the FRV market survey and provides access to FRV 40 requirements, feasibility design, acquisition approach and schedule, available on CD by calling 301-713-3478 or fax 4155.

b. NMFS' excellent homepage at http://www.nmfs.gov/ provides ready access to relevant law and standards (e.g. the proposed standard for Essential Fish Habitat), as well as Headquarters offices and the regions, councils, and science centers

well as my personal notebooks, electronic files, etc., are or course available should you want them. And I would be very pleased to discuss my views, the rationale for them, and any of the reference material, or to answer additional questions, at your convenience. In keeping with fisheries management practices, the entire process has been open, as are my views in this memo.

General Observations, and the Seagoing Tasks for NMFS. NMFS is required by law to provide the data that underpin fisheries stock assessments and Fisheries Management Plans, marine mammal stock assessments and Take Reduction Plans, and recovery plans for overfished and endangered marine species. Its mandate also includes a comprehensive program of fisheries research. It collects data and conducts research in part with, and in part independent of commercial and recreational fisheries. Given its legal mandates and the immense socio-economic impact of decisions based on its advice, NMFS' science must in many cases withstand the test of the courts as well as peers.

The task is immense, complex, and -- scientifically and operationally -- exceedingly challenging. It covers hundreds of species in vastly diverse environments, not just in the US EEZ but in international waters, and in many cases also the waters for which the states have jurisdictional responsibility. In spite of hundreds of years of effort, little is known about most species' life history let alone the interspecies relationships of the fish and mammals, or of their interactions with and reactions to the physical, geological, chemical and biological environments in which they live - themselves exceedingly complex and subject to quite radical change over spatial and temporal scales that are critical to the animals' survival, growth and reproduction. And research to improve our knowledge about all this must be conducted in an environment that, for the

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c. ICES cooperative Research Report No. 209, *Underwater Noise of Research Vessels, Review and Recommendations*, gives a description of and rationale for the acoustic spec selected for the NMFS FRVs

d. The latest version of the NOAA Fleet Modernization Plan, dated Oct 97, specifies (with the exception of the two-phase modification of T-AGOS RELENTLESS as a replacement for R/V CHAPMAN) the currently requested timing and number of FRV acquisitions. The National Research Council's Marine Board's reviews of NOAA fleet plans from 1988 and 1994, and the NOAA IG's Report IPE-7794 of Mar 96, are interesting both for their comments on NOAA's plans, and for helping trace the evolution of the current version over the last decade.

e. NOAA Fisheries Strategic Plan of May 1997, and NMFS Strategic Plan for Fisheries Research of Feb 98 respond to Congressional requests and provide an outline of how NOAA NMFS views its charge

f. Special Report No 63 of the Atlantic States Marine Fisheries Commission, *Proceedings of the Workshop on Maintaining Current and Future Fisheries Resource Survey Capabilities*, Jan 97, contains many interesting articles on data needs and quality, and some enlightening papers on current and potential partnerships for collecting the data

g. Boreman, J., Nakashima, B.S., Wilson, J.A., and Kendall, R.L., eds., *Northwest Atlantic Groundfish: Perspectives on a Fishery Collapse*, American Fisheries Society, Bethesda, Md., 1997, should be required reading for anyone interested in fisheries and their management. It is not only excellent history, but also provides a lucid discussion of options that may be considered for the future.

h. NRC Ocean Studies Board's report, *Improving Fish Stock Assessments* of Dec 97 is a detailed and fundamentally supportive review of NMFS' procedures, and makes a strong appeal for continuity and quality of fishery-independent data. Similar reviews of particular assessments make basically the same points.

i. Ecological Applications V8 No.1 Supplement, *Ecosystem Management for Sustainable Marine Fisheries*, edited by Harold Mooney of Stanford University, contains the papers presented at a Feb 96 meeting sponsored by NRC OSB. This was the kick-off conference for the OSB review of this topic, which in turn was stimulated by a mandate in the Sustainable Fisheries Act. The final report is currently in review.

people who need to work in and understand it, is harsh and opaque. It is no wonder that there have always been and always will be surprises and more to learn.

The portion of NMFS' research and data colection that is of most concern to this review, i.e. the parts that depend upon seagoing, can be considered in two broad categories[9]: fisheries oceanography and fisheries-independent monitoring or survey. The first is concerned with characterizing the animals and understanding the processes that influence them. It starts with the descriptive biological work of identifying and classifying animals, and data collection and process studies, both in the field and in the lab, to understand their life histories and relationships to other species, different trophic levels, and their habitat. Perhaps the ultimate challenge for fisheries oceanography is the development and validation of complete ecosystem models that can assimilate new data to help interpret process and to predict change[10]. We are a long way from this in even the best studied cases[11]; for many fisheries, it may not even be possible.

The second category, monitoring, is both an essential concomitant to the first -- long time series over large spatial scales are needed to understand process -- and a substitute for predictive skill. Statistically valid data series, properly interpreted, give us measures of current status and trends. This is the "fisheries independent" information that is one of the essential components of the stock assessment process that in turn forms the basis for fisheries management and marine mammal protection.

Two aspects of these different categories of effort are important to the issue of FRVs. The first is that fisheries oceanography (as I have defined it) is a multidisciplinary science to which the efforts of a large part of the oceanographic community, and the support of many sponsors, contribute. In fact, although NMFS scientists play a leading role in studying the biology of fishes per se, the bulk of the expertise in this broad area of research lies in academia, and most of the research has been funded by ONR and NSF. Fish stock and marine mammal monitoring, on the other hand, are almost the exclusive purview of NMFS[12]. Nevertheless, the advanced techniques and technologies which can be applied to the monitoring task -- e.g. lidar, acoustics, tags, passive optics, etc. -- have been developed primarily in academic institutions and industry under NSF and ONR support, for other purposes.

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[9]This distinction is intended to serve my purposes of discussing NMFS need for seagoing and the requirements for FRVs. There are many other ways to categorize the work, and in fact many of the key contributors to what I call here "fisheries oceanography" don't envision their work in this fashion; they are physical, chemical, geophysical/geological or biological oceanographers or marine biologists whose interests are in their own disciplines. My point, as will become clearer later, is that their contributions are essential to support evolving approaches to understanding and managing fisheries and to protecting marine mammals and endangered species.

[10] A useful analogy is what NWS does; in the short term for our weather forecasts, on bigger scales for events like El Nino.

[11]The GLOBEC Georges Bank study, a 5-year joint NSF/NOAA program, is making progress for certain ocean characteristics and trophic levels in an area of great importance to US fisheries in the Northwest Atlantic. It is a good example of the type of program that will be needed to meet the new SFA mandates for resource management.

[12]Although academic researchers understand the value of and have collected long time series, the fisheries data bases are NMFS responsibility, and it is generally accepted that NOAA bears the primary national responsibility for long term environmental monitoring, in support of all of its strategic missions.

The second, which is the real reason for making the distinction at all, is that both the law and the science are leading toward a much greater emphasis on what I have termed "fisheries oceanography" as the basis for management. The Sustainable Fisheries Act introduced two new constructs into the management scheme: Essential Fish Habitat (EFH) and Ecosystem Management[13]. NOAA has developed and issued a national standard for EFH that the Councils must now consider in their Fisheries Management Plans. And, as directed by congress, ecosystem management for sustainable fisheries is under study by both NMFS and a committee of the Ocean Studies Board. Because both EFH and ecosystem management are new concepts it is impossible to be precise about their implications. It is clear however that the changes are profound, perhaps more profound (and potentially expensive) than the legislators appreciate. What also seems clear from my reading and my discussions with members of the community during this review, are that these changes are widely believed to hold significant promise (in the long term) for improved management of our living marine resources – and, without any doubt or argument, that they will require much better knowledge of all aspects of what I have termed "fisheries oceanography" than we now have[14].

Given the direction in which the scientific basis for management is moving, it is important to stress that in the US, studies of the biology of fishes, as well as monitoring, have for the last few decades been quite separated from the mainstream of the rest of oceanography[15]. NOAA/NMFS has supported one, and the bulk of the work has been done by federal employees in NMFS Fishery Science Centers. NSF and ONR have supported the other, and the associated research and technology development have been done largely in universities, with the support of industry[16]. NMFS ships, operated principally by the NOAA Corps and staffed by NMFS scientists, have done "fisheries" research and survey. NSF, Navy and state/university owned

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[13]Habitat considerations have long been a part of marine mammal protection and endangered species legislation.

[14] Even without the new demands, there is a compelling case for better information. E.g., NEFSC classifies its stock assessments into 5 categories, based on increasing knowledge about the species: index, yield, age structure, spawning stock, and predictive. In that region, the most intensively studied in the US, over half the stock assessments are still based on index or yield. EFH standards employ a similar technique, matching management approach to graded level of knowledge: distribution, abundance, life history and production rates. For most species, we are at the lowest levels. Ecosystem management will introduce infinitely many more complexities. It will require a national effort, much more than NMFS by itself can do, to meet the challenges of improving our fisheries management.

[15]Such has not always been the case, and the history of oceanography and fisheries are intertwined. At present however NSF does not support fisheries biology, nor does ONR; and NOAA's program in relevant areas is principally internal. The communities are not well integrated. I can well recall, for example, the heated debates in the early 90's about whether fisheries deserved a seat on the Ocean Studies Board. The positive resolution of that debate has had a very beneficial impact on both parties, particularly as Congress has turned so frequently to the Academies for a "second opinion". Congress has provided additional impetus to the "de-stovepiping" of the communities through the creation of the National Oceanographic Partnership Program.

[16] I do not intend to imply that there is zero overlap. Each Fisheries Science Center has some type of cooperative arrangement with one or more universities in their area, as well as with other NOAA research labs. Nonetheless, NMFS research is by and large intramural; and the fuel on which most US academic research runs – grant funding – is in very short supply from NOAA. Neither the intellectual interchange nor the technology transfer is, in my opinion, at the level demanded by the increasing importance of ecosystem research to fisheries, or the opportunities offered by sensing and analytical techniques developed by other agencies.

ships, operated under the UNOLS system and carrying academic scientists, have done "oceanography"[17].

We are entering a transition period to a new paradigm. Almost irrespective of the details, the new approach to management of our living marine resources (which interestingly is being led by law), will be unsupportable in the absence of a truly 'national' effort and the application of new minds and new technology. The current separation of effort is simply untenable, if we are serious about what we have legislated. And although I haven't stressed it before, the new EFH and ecosystem constructs inherently involve the fishermen at least as much as the scientist. Congress has explicitly provided for their participation in the research. Such considerations bear heavily on the need for new FRVs, their characteristics, and the nature of their operations as part of an **integrated national effort.**

To summarize: Any plan to replace NMFS' seagoing capability must provide for continuity of the data and advice that underpin stock assessments and the development of management, recovery, and take reduction plans. Maintaining data quality, and continuity of data sets (to the degree that these data sets are statistically valid), is unquestionably essential, as stressed by OSB and all my discussions with Council representatives as well as the scientists. However to meet the challenges posed by the law's clear intent of improving our resource management, NMFS must employ new techniques and approaches, new technologies. To do this NMFS needs to take advantage of developments that have been sponsored by others, and to participate in supporting their development. And, even more important, NMFS must partner with a much broader segment of the interested community -- fishermen, academics, industrialists -- to a much greater degree than it ever has, in all aspects of its fisheries oceanography and fisheries monitoring and survey efforts. **The challenge is national in scope. Addressing it will require a fundamental change of attitude and approach on the part of NMFS management.** My sense is that the scientists and fishermen would be excited about the opportunities and would respond with alacrity.

NMFS FRV REQUIREMENTS AND ACQUISITION. The FRV requirements definition process can be considered in two parts: ship characteristics, and amount of seagoing activity. These are somewhat interrelated -- though NMFS has not treated them as such -- because, obviously, some ships can do some jobs faster or better than others, or perhaps even do more than one job at a time. Here I will discuss them in order, and then comment on acquisition.

a. FRV Characteristics. Let me start my noting that I am a firm believer in purpose-built ships. Navy dedicates enormous effort to define the characteristics of its various warships

[17]As a senior NMFS scientist rightly complained, 'UNOLS ships can't catch a fish!' The Academic community rightly responds, 'of course not, no one, especially you, will fund us to'; and notes that although two of the Class I UNOLS vessels -- R/V MELVILLE and KNORR -- have trawl ramps, NOAA elected to pay for a Russian trawler's upgrades and charter her for Antarctic area research, instead of working with UNOLS to upgrade a US R/V for the same work, at a time when ONR and NSF demands for the ships has slacked off and they are fully able to take on NOAA work. It is perhaps even more telling that even within NOAA the distinction persists - **not only can't UNOLS oceanographic research vessels catch a fish, NOAA's can't either!** NOAA could of course easily have elected to appropriate modify the R/V RON BROWN, AGOR 25, during construction. NOAA also could also easily convert the ex-TAGOS R/V KAIMIMOANA (as is being done to her sister ship RELENTLESS) for 'additional duty' fishing, but chooses not to. This reinforces my contention that the 'never the 'twain shall meet' attitude has been' pervasive, even internal to NOAA.

and auxiliaries, and devotes the majority of its R&D funds to improving their HM&E, weapon systems, and operational attributes. UNOLS has a Fleet Improvement Committee that spends years interacting with the researchers to refine the characteristics of each major class of oceanographic vessel. And the company of which I am a Director makes money because our ships and barges are tuned to market niches. In each case, our fleets are world class, and our ships can continue to provide superb performance for 20 to 40 years. Similarly, it is only proper that when contemplating the replacement of its seagoing capability, NMFS should display great concern with the requirements for the ship it desires, including the ability of that ship to evolve with new demands and technology over a projected 30 year life.

NMFS' process of developing FRV requirements is not easy to define precisely, because it has taken place with more or less intensity throughout the past decade. The process started as NMFS prepared its initial 'FRAM' plan, first published in 1990. That plan and the associated FRV requirements have been reviewed and modified many times over the last decade in response to external critique. They continue to evolve[18]. However NMFS essentially has arrived at the current requirements by a process not dissimilar to that used by UNOLS. That means talking with the researchers, asking them to describe their needs, looking for compatibilities as well as design drivers, and then making tradeoffs based on priorities, to try to meet the largest number of needs within some bounds of cost or size. I have no trouble with the basic process they followed.

In NMFS' case, the major drivers that emerged from this process, as I understand them, turned out to be use of hydroacoustics (quieting and transducer placement), deep bottom trawling (power and fuel), stability and draft control (fuel and fresh water tankage), seaworthiness and maneuverability (dimensions and ship control), safety and damage control (compartmentation, materials, much equipage), and endurance (provisions, fuel, etc). Other needs - crew and scientific party accommodations, wet and dry lab space, accommodation for other types of fishing, deck space, communications, electronics and oceanographic equipment and their operation, mammal counting, etc - take up many pages in the ship requirements document. They are not necessarily cheap, but they essentially fit in the 'box' defined by the major design drivers. Endurance requirements are less in the Atlantic than Pacific, but overall, other needs for research and monitoring are more or less the same. The result of this exercise led to the stated requirement for two ship types, the FRV 40 and FRV 30, which essentially differ only in their dimensions[19].

I have spent considerable time reviewing the FRV characteristics, and to make what could be a very long story perhaps excessively short, I simply will comment that I believe that the FRVs as defined by the requirements statement will be outstanding vessels that should serve NMFS and the nation extremely well as the core of a dedicated fisheries fleet for their full projected lifetime. They will be the best of their type in the world. For the most stressing aspects of the

[18] In fact, even during my review (and in part at least in response to it) several minor modifications were made.

[19] The feasibility design for FRV 40 shows a ship of about 215'. The FRV 30 will be about 195'. One can not, however, simply "shrink" the plans of the 40 to get to the 30 (if in fact two different designs really are necessary); the ships may be functionally similar, but design details are driven by things like hull form and propeller -- which interact -- when building a quiet ship. One additional driver for the FRV 30 will be draft, to get over the "bump" into Woods Hole, which is by far the best location for any Northwest Atlantic ship.

envisioned missions, they are not overspecified. NMFS resolved several of my concerns during our interaction, and any quibbles I would have with the basic requirements at this stage would be too small to bother with. If the administration and congress do decide to appropriate funds for dedicated NMFS vessels, then the FRV 40 (and FRV 30 if a second design is needed) are, in my opinion, reasonable ones to get.

Before turning to numbers however there are three caveats to my support of NMFS' requirements, and I need to comment about hydroacoustics and trawling in order to address some concerns that I have encountered during my review. I also need to address your concerns about options other than the NMFS FRV design for the "core" of the NOAA fisheries research fleet.

Regarding caveats, first, I have recommended that NOAA look seriously at outfitting the FRVs with systems for meteorology (perhaps comparable to or a modification of the suite on R/V RON BROWN) and bottom analysis/bathymetry (bottom penetrating and mapping sonars)[20]. The information such systems could routinely provide is not only important in the context of habitat and ecosystems, but could prove very useful to NWS and NOS[21], as well as to Navy. There is no reason to artificially preclude NOAA vessels from meeting a range of NOAA needs. The second caveat is that NOAA should review the cost-benefit aspects of moderate additional ice strengthening for the vessel destined for Alaskan waters. Both fisheries and mammal studies would appear to benefit from the ability to operate earlier and later in the season, and closer to the ice edge[22]. The third is NMFS should make sure they take full advantage of Navy's ship related R&D, and also should seriously study SWATH[23] configurations for fisheries work, not for the initial FRV acquisitions, but as contenders for potential future procurements and as augmentation to the core fleet.

One of the principle features of FRV 40 and 30 is that they will be built to meet the acoustic quieting specification recommended by the International Council for Exploration of the Seas (ICES). In addition, they will be outfitted with a hull-penetrating centerboard so that the

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[20]NMFS has responded that they have discussed multimission opportunities with the Deputies of OAR and NOS. They do not indicate what their responses were. Traditionally, NOAA ship operations have been 'stovepiped'. Top NOAA management should take the opportunities offered by the FRVs to develop different and more collaborative approaches to meeting its various mandates. The FRVs can accommodate the meteorological equipment, and limited bathymetry though not the big multibeam fansweep systems employed by dedicated hydrographic vessels. They may be able to carry systems like the new AGORs'.

[21]At least one of these vessels will be spending most of her at-sea time in the Bering Sea or Gulf of Alaska. High quality meteorological information from such locations should aid in weather prediction for the region; and given the major need for bathymetry in Alaskan waters, selecting transit routes or occasional operating areas to enhance coverage should prove beneficial. Similar advantages would pertain to operations in other offshore areas.

[22] NMFS has responded that this is not reasonable, but I am not completely comfortable with their answer.

[23] Small Waterplane Area Twin Hull. The idea is that stability is heavily influenced by the area of the ship that interacts with the ocean surface. SWATHs and their variants are essentially boxes on stilts that are attached to submarine-like underwater hulls. They offer major seakeeping and operational advantages for many missions. SWATH vessels are just now entering operational fleets in a major way. From NMFS perspective, the risk in terms of both cost and performance – particularly given the need for quieting and the fact that there are no current SWATH FRVs – is currently excessive. However as will be discussed further below, Hawaii's AGOR-26 will be a SWATH, and other SWATH designs are being seriously considered for oceanographic research in waters of great importance to NMFS. Astute collaboration could yield valuable information about this option.

acoustic transducers are located well below the hull (to avoid 'bubble sweepdown' which degrades sensor performance). I would estimate that the acoustic related requirements account for some 20% of vessel cost, and by themselves mandate that any replacement vessel be a new build[24].

On the other hand, out of some 7609 operating days[25] by NMFS vessels over the last four years, only 446 of these were primarily for hydroacoustic survey (5.9%) and only on 740 days (9.7%) were hydroacoustics operationally used at all (in spite of the fact that the majority of NMFS vessels are in fact equipped with precisely the hydroacoustic research sonar to be bought for the new FRVs!) Does the ROI for the acoustic requirements thus make sense?? Actually, yes, but it takes a bit of explaining.

The first question is how useful is hydroacoustics for fisheries (and marine mammal) research and stock assessment? Currently, it is effective as a primary fish stock survey tool[26] only for certain species and waters – e.g., the fish must not be too near the bottom (a meter or so), they must be distributed so that they give individual echo returns, and they must be reasonably uniform in target strength (usually a function of swim bladder size, thus fish size, depth, and relative position) and species. However such conditions pertain for a significant percentage of our commercially most important species.

Hydroacoustic research sonars are used intensively by Norway (where the best equipment s manufactured) and Iceland, and and to some degree by the UK, Canada, Japan, Russia, and a number of other countries. The Norwegians are reputed to be the world leaders in developing and using the techniques. According to one of my advisors, with one exception - the US - every country that does stock assessments as the basis for controlling fisheries emphasizes the acoustics - not the trawl - for management. In the US, to date only the Alaska Fisheries Science Center uses hydroacoustics routinely in this fashion, principally for Pacific whiting and walleye pollock[27].

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[24]It is one of the main reasons that NOAA's search for commercially available vessels able to meet its requirements turned up zero -- hardly surprising since only 2 FRVs in the world (both operated by the UK) meet the ICES spec, and only one of these also has a centerboard. The T-AGOS and some other military ships are very close, acoustically, at some speeds. Only submarines and acoustic research ships are routinely designed to be quieter, and in fact commercial variants of many of the techniques developed for submarines or for the premier acoustic research vessel ALLIANCE, operated by NATO, will be needed to meet the ICES spec.

[25] These figures, and similar ones used through this report, are derived from the Tables, "Vessel Operating Days by Mission and Equipment" for FY 94-97, provided by NMFS in response to one of my questions. They were provided hard-copy so I computed the statistics by hand, and they are thus subject to arithmetic errors.

[26] What hydroacoustics basically provides is an estimate of biomass. It never is, and likely never will be, used alone. It must always be augmented by trawling (in the same biomass being acoustically sampled) for identification, e.g. species and age mix, and to collect biological samples. Using hydroacoustics as the primary sampling tool does, however, fundamentally change the nature and amount of trawling required. It is also easier to calibrate. Hydroacoustic sampling thus can substantially improve the amount as well as quality of coverage for a given ship type.

[27]One advantage they have is the R/V MILLER FREEMAN, the only centerboard-equipped ship. She accounted for about 90% of the days reported above.

In some areas, e.g. Hawaii and the Caribbean, current hydroacoustic techniques are problematic for a variety of reasons (e.g. species diversity is higher, and numbers per species smaller, in tropical waters). They also don't work on the large highly migratory fishes (tuna, swordfish, etc). But in other areas, e.g. the Northwest Atlantic, acoustics are very applicable, not just as an adjunct to the traditional trawl surveys[28], but particularly for monitoring underutilized stocks of pelagic fishes (herring and mackerel). Many important US fisheries (but not necessarily all) therefore could benefit greatly by simply developing and employing state-of-practice capabilities. NMFS scientists' interests in employing these techniques is burgeoning in anticipation of the FRVs.

Perhaps even more significant in terms of ultimate ROI, acoustics could be a vastly more effective tool -- for fisheries oceanography as well as for both fisheries and marine mammal monitoring and survey -- if capabilities that have been developed largely under Navy sponsorship were brought to bear. Ocean acoustics is a fundamental skill of naval operations; and although Navy is not particularly interested in finding fish, the old saw 'one man's noise is another's signal' pertains here. In addition to significantly improving the utility of ship-based systems that rely on backscatter from fishes (and certain plankton and other scatterers, which makes it useful in habitat and ecosystem studies), techniques such as tomography, forward scatter, bistatics and matched field processing, as well as passive listening to fish and mammal sounds, all have demonstrated potential for fisheries research and monitoring. We have barely begun to employ acoustics effectively for fisheries or marine mammal studies, but there is a large body of readily available research. And there are many high quality interested researchers in both academia and industry who could help NMFS make excellent use of hydroacoustics[29].

Given that acoustics can and should become a tool of central importance to meeting NMFS' mandate, the question becomes how to invest to optimize its utility. One aspect of this obviously is in the design of the dedicated FRVs. Although as discussed below ships are not the only answer to NMFS' monitoring and research needs, most of us believe that they will remain of fundamental importance for decades. As mentioned above, NMFS proposes two specific design features: quieting to the ICES spec, and a centerboard for mounting the acoustic transducers.

There are two specific fisheries-related reasons to invest in ship quieting[30]. The first and most obvious is data quality. Ship noise interferes with the performance of active sensors, and raises the threshold of detection for passive listening. Noise radiated by the ship should be minimized

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[28] NEFSC has the longest and best sets of fishery-independent bottom trawl time series, from fall and spring surveys dating back to the early 1960's. This data set has been invaluable and they properly intend to maintain its continuity.

[29] I do not intend to imply that acoustics is a panacea. It is not, and many initial hopes for breakthroughs – e.g. some uses of SOSUS for whale monitoring – have been deflated. However acoustics is a fundamental sensing tool for oceanic studies, the US has invested billions of dollars in associated physics and technology, and if the US is serious about fisheries as a national interest then it would be foolish not take advantage of our resource base in this area. I also don't mean to imply that NMFS is devoid of acoustics expertise. However there are very few NMFS scientists who are talented and experienced in this area, and some centers - e.g. NEFSC -- have no acousticians at all on their staffs. Acoustics is an excellent example of an area where extramural funding and collaboration are esential.

[30] An equally compelling reason is to minimize interference with marine mammals. Many researchers contend that ship and oil platform are major contributors to oceanic noise pollution and may have significant impact on the animals' biologically-relevant behavior. As the stewards of marine living resources, NOAA must set an example in minimizing this potential hazard.

in the frequency regime of the sensors, which for fisheries extends from about 1Khz to over 200Khz. The second is to avoid adverse reaction of the fish you are trying to sample (either swimming away from the vessel, or diving which changes their relative position and thus target strength). The frequency range where this becomes the driver is from less than 1 Hz to around 1Khz, i.e., below the sensor frequency range. Quieting in this range also is useful for detection of low frequency sounds emitted by some fishes and mammals. The ICES spec was explicitly designed to minimize fish avoidance[31] as well as radiated noise, and is generally considered the appropriate standard for top quality fisheries research vessels.

I have discussed the ICES spec with a member of the team that prepared it. It was the result of many years of work by an (unpaid) international group of experts, and represents their best assessment of a design goal that is both achievable at affordable cost, and thought to be useful in minimizing avoidance. This researcher was able to resolve my concerns with certain details of the spec. Furthermore, hull and propeller designers at Navy's Surface Warfare Development Center, Carderock (who are under contract to NOAA for critical acoustic-related aspects of the design) assure me that the spec while rigorous is achievable with good design and a careful quieting program by the shipyard. Two UK FRVs (CORYSTES and SCOTIA) have already been built with quieting that meets the ICES recommendation, and according to NOAA Iceland, Norway, and the UK are all planning to build their upcoming FRVs to meet it[32]. I conclude that if NOAA is serious about using acoustics as a central tool for fisheries oceanography and survey -- and they should be -- then it is reasonable to invoke the ICES specification as a critical element of the FRV requirements.

NOAA is also going a step further - namely planning to mount the acoustic transducers on a centerboard that places them well away from the ship hull. This both further isolates them from ship noise, and gets them away from bubbles that are swept down along the ship's bottom. This design is adapted from the R/V MILLER FREEMAN[33], where it was initially introduced for stability but later found to provide significantly improved acoustic performance. It has the added advantage of permitting ready access to the transducers without dry docking the ship. The UK has incorporated a centerboard on SCOTIA. The centerboard is not a major design or cost driver, and would appear to a very desirable feature.

Finally, regarding how to invest to optimize the utility of acoustics beyond just building a quiet ship, it is important to stress two points. First, most NMFS Fisheries Science Centers do not know how to use acoustics for either research or monitoring. Some have, until recently, actively resisted its use. It makes absolutely no sense to invest in the tool unless NOAA also **invests in learning how to use it, and commits to a willingness to use it as a central feature of developing its advice for management** in all cases where it is applicable. Second, even today's state-of-practice is far from what the FRVs should be capable of providing. After all, many

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[31]More specifically, to require that radiated noise be less than 30db above fishes' threshold of hearing at a distance of 20m. Here, dB is a measure of sound pressure level referenced to 1 μPa at a distance of 1 metre from the source, in a 1 Hertz band.

[32]Nevertheless, there is no experience to indicate how much improvement quieting to the ICES spec provides. The ICES report was issued in 1995. The SCOTIA was only recently launched. And according to NOAA's response to my query the CORYSTES, which came into service in 1988, has for a variety of reasons "never undertaken an acoustic survey, despite being possibly the best equipped vessel in the world to do so."

[33]MILLER FREEMAN conducts the whiting and pollock acoustic surveys in the Pacific

countries as well as the Alaska Fisheries Management Council already use hydroacoustic surveys for effective management without the benefit of a quiet FRV. It makes no sense to invest in a tool of the proposed quality and cost unless NOAA commits to **significantly improving the current state-of-practice**, leveraging off and in conjunction with the research programs and the researchers sponsored by Navy and NSF. Although I have emphasized fishing, these points apply equally to learning how to use the vessels optimally for marine mammal research. Not to mention that the top class acoustic characteristics of the FRVs will prove very useful for research that supports national security needs (including the interaction of naval forces with living marine resources), reinforcing the importance of the types of **collaboration** that I have already stressed, and will return to, **as a fundamental precept of FRV use**.

A few words on trawling are also appropriate. It's worth repeating that hydroacoustics, even where it works best, is not a replacement for trawling but rather can relegate trawling to a different role. It is essential in stock assessment surveys that the biomass being measured acoustically also be sampled for size, age, sexual maturity etc., and for biological samples such as gut contents and otoliths. R&D can minimize the amount of trawling required, but I doubt that it can ever replace it[34]. It's also worth noting that under certain conditions, the acoustic quieting can improve the quality of trawl sampling[35] as currently practiced. And even where (or while) trawling remains the primary survey tool, hydroacoustics provides at no additional operating cost, very important supporting data.

Another issue is whether the FRVs need the extent of trawling capacity and speed for which they are designed: 5 knots for midwater trawling in 4m waves with a 36,000 lb trawl drag, and 4 knots in comparable seas and trawl drag, for bottom trawling at 1000 fathoms depth. At these extremes, neither quieting nor hyrdoacoustic survey sonars are of much use. However, to make a significant change in design, these requirements -- like those for size of the scientific party, maneuvering, etc. -- would have to be backed off to the point where much of the vessel's utility would be lost; and in at least some cases, it is very reasonable to expect that during an extended duration cruise the core FRVs will be performing a wide variety of tasks, each of which may stress a different aspect of the ship's capabilities to the limit.

The final point I wish to address regarding FRV characteristics is what other options may be available to meeting NOAA's desire for a world class FRV. The simple answer of course is that it would be very surprising if there was any vessel afloat that met all, or even a large majority, of NMFS' desired characteristics. It all goes back to the point I made earlier about commercial as well as government research operators wanting purpose-built ships. NOAA made several searches that validated my contentions. Their answers to my questions, in the appendix, also indicate why -- for the backbone of the seagoing capability needed for stewardship of the nation's living marine resources -- nothing out there now will do the trick, either as-is or with reasonable

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[34] It is also important, for habitat and ecosystem based methods, that oceanographic data be collected during the survey. I have not stressed this however, since these operations are not the design drivers.

[35] According to the ICES report No 209 that describes the spec, vessel noise levels increase 5-15 dB when fishing. Thus, depending on the depth of the trawl and other conditions (sea state, etc.), the quieting will have a variable impact. According to one of the members of the group that developed the spec, the idea is to get the total biomass right by taking care of the underway noise first, and to assume that anything done to quiet the full ship at speed would probably help also on the trawling end; and secondarily, that anything done to lower "loaded" trawling noise is also desirable if it can be done without too much added cost.

modifications[36]. My bottom line, to reiterate: If the administration and congress do decide to appropriate funds for dedicated NMFS vessels, then the FRV 40 (and FRV 30 if a second design is needed) are, in my opinion, reasonable ones to get[37].

b. FRV numbers, and options for meeting NMFS needs for seagoing research and monitoring. This issue is much more contentious than characteristics of vessels purpose-built to serve as the core or backbone of the fleet that supports NMFS' needs. A number of factors contribute to the difficulty.

First, it is by no means certain what NOAA is actually requesting. The numbers have varied in almost each version of the NOAA Fleet Modernization (previously FRAM) Plan, as have the retirement dates for many vessels in service. The latest version of the Plan, dated Oct 97 calls for "a mix of charter vessels and a **minimum** *[my emphasis]* of six dedicated vessels each meeting a standardized set of technical requirements and each providing on average 270 DAS per year", to replace the current fleet of nine, with the caveat that the recent changes to MSMFCA/SFA will increase the requirements. Since that report was published, NOAA has committed to a two-phase modification of the T-AGOS RELENTLESS to replace the R/V CHAPMAN, which the Plan envisioned remaining in service through 2001, later this year. At one point during my review NMFS' stated requirement became **10**, based on their fallacious contention that 16 U.S.C. 1881a M-S Act §§402(e)(3) mandated annual surveys of all species covered by FMPs[38]. In more recent documentation the requirement is back to six, though now **plus** RELENTLESS (through at least 2011). Certainly, the six FRVs that NOAA wants to build in consecutive years commencing in 2000 can not be considered a hard and fast requirement. The requirements statements are heavily hedged and appear subject to upward revision at any opportunity.

Second, the only "options" NMFS has considered are its operation (in-house or under long term charter) of the six core vessels, supplemented by dedicated charter vessels. NOAA's arguments

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[36] This applies equally to other nations' FRVs, or to simple appropriation of their designs. I find NOAA's arguments about deviations from US Coast Guard standards and the difficulty of supporting metricized vessels in operations and repairs predominantly in US waters and shipyards, to be persuasive.

[37] I have attempted to vet this conclusion with almost every group I have talked to. Not just NMFS scientists whom I would expect to support it, but academic and industrial researchers, MSC, ship builders and operators, all agree that the FRV 40 Requirements - as made available in the market survey announced by CBD Submission No 17969346 of 16 March 98 - are good and achievable. Please note that throughout this section I have focused on the **REQUIREMENTS.** I have not yet addressed NMFS Feasibility Design or its Acquisition Approach.

[38] Accompanied by a representative of NOAA's General Counsel, I visited with majority and minority staff representatives of the relevant committees of both houses of Congress to to attempt to understand the intent of the ambiguous wording of that clause, which reads: "The Secretary shall undertake efforts to expand annual fishery resource assessments in all regions of the Nation." I was told in no uncertain terms that the intent of this clause was basically 'go forth and do good', and most definitely should not be interpreted as a mandate for annual surveys everywhere or as a justification for more ships. Further to this point, although there is without doubt a desire on the part of all Councils for high quality information, and in some areas a real need for more frequent surveys -- a prominent example is the current triannual groundfish shelf survey off the West Coast, which west coast NMFS reps indicated to me should probably be biannual -- in some locales for some species surveys are conducted seasonally, and in others NMFS plans to decrease frequency from annual to bi- or triannual because the greater frequency is not biologically justified. The bottom line is that surveys, like ships, should be designed for the job they are intended to do.

for this approach basically are, first, that there are 6 major operating areas or large marine ecosystems within the EEZ[39]; thus six FRVs are a reasonable number. Second, that its total need for seagoing far exceeds what it is asking for in the way of FRVs, and there are more than enough high priority requirements needing FRVs to mandate six as a minimum[40]; and third, that switching ships destroys continuity of data, in particular the long trawl series, and that calibration of trawls to maintain statistical validity can take up to three years. Further, the argument is made that having several identical vessels both reduces acquisition costs (follow-on vessels in a class are cheaper) and minimizes the calibration effort if vessels are moved around. And never stated, but implicit in NOAA's position and central to the argument, is the premise that NMFS itself must both control all the ships and perform all the science.

If one lumps these assumptions then it is unreasonable, according to NMFS, to consider options for the core fleet that don't have the full capability of the FRVs[41]. To a greater or lesser degree all the individual arguments have some validity. Still at issue of course are how big the core fleet should be, and what alternatives are available for minimizing the need for the very expensive new FRVs while improving both the quality and amount of data, and its acceptance by the Councils and fishermen as the basis for wise management.

Even if one was to assume that all NMFS efforts were to continue more or less the same (with the addition of more hydroacoustics) over the indefinite future, a significant element of judgement would still be involved in deciding on the break-point between NMFS-dedicated vessels and external support. With the exception of hydroacoustic survey, every NMFS fisheries independent seagoing task either has been or is being done under charter or contract[42]. The changing relationship between fisheries oceanography and monitoring, and the new EFH and ecosystem based management constructs, further argue for a broader look at options than NOAA has taken to date.

To start to get at what some of these options may be, I want first to briefly review current NMFS at-sea operations, then to discuss a number of practices and technologies, in addition to the hydroacoustic surveys, that may be applicable to NMFS' mission. This material will suggest just a few of the approaches NOAA may want to consider to reduce the number of FRVs it acquires in order to reallocate resources to enable it to do its job both better and potentially at lower cost.

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[39] Georges Bank/Gulf of Maine; South Atlantic Bight; Gulf of Mexico; California Current; Bering Sea/Gulf of Alaska; and Pacific Oceania.

[40] It is probably impossible, absent a detailed national study and much debate, to reach agreement on a hard set of requirements. Good arguments can always be made about the need to survey additional species, or to understand more about fish and mammal life history. As emphasized at the start of this paper, we are entering a period of transition in which EFH and ecosystem concepts will become more central in management, and although these concepts are only beginning to be understood it is certain that they will require more knowledge and data, thus more seagoing. And fisheries, mammal and endangered species assessments are as much as political as scientific issues.

[41] Suggestions made during my review that NMFS consider a variety of alternatives have been vehemently rejected on the basis that none of them meet all the requirements for the FRVs.

[42] I fully understand all the arguments why it may be better to do some jobs with dedicated FRVs. One of my concerns is that NMFS has applied arguments that are applicable to specific tasks or regions, to the fleet as a whole. My primary point here is that NOAA already has considerable experience with practices it could employ, if it wanted to, to minimize its reliance on in-house capability.

An overview of NMFS' at sea operations is provided in the Appendix as a response to my Question #5. Included there is the table of NMFS' vessel operating days for FY94-FY97 which they provided in response to my question, ship descriptions culled from their FRV Talking Points paper, and a list of charters planned for FY98. A synopsis of key points follows:

Two of the nine ships currently in operation, ALBATROSS IV and DELAWARE II (which recently underwent a repair-to-extend and has at least a decade of effective service life left) operate out of Woods Hole, MA for the Northeast Fisheries Science Center (FSC), supporting the Northeast and Mid Atlantic Fisheries Management Councils. These are large multi-mission ships, but perhaps their most important operations are maintaining the well calibrated, long time series fall and spring groundfish trawl surveys in the Northwest Atlantic.

OREGON II and CHAPMAN -- to be replaced this year by RELENTLESS -- operate out of Pascagoula, MI for the Southeast FSC and support the South Atlantic, Gulf of Mexico and Caribbean Fishery Management Councils. The do a mixture of shrimp and reef fish trawling, marine mammal surveys, and longlining and trap/video surveys. SEFSC is also supported in the Southeast Atlantic by routine surveys conducted under contract with the University of South Carolina as part of the MARMAP and SEAMAP programs[43].

The Alaska FSC and Fisheries Management Council is supported by the MILLER FREEMAN, and the small (93'), old (48 year) JOHN N. COBB, both operating out of Seattle, WA. The centerboard-equipped MILLER FREEMAN, scheduled for a major repair-to-extend this year and next, focuses on hydroacoustic survey and the companion Fisheries-Oceanography Coordinated Investigations program (FOCI). FOCI is a joint effort of the Alaska FSC, NOAA's Pacific Marine Environmental Laboratory (PMEL) and the Coastal Ocean Program. FOCI was established "in 1984 to examine the physical and biological factors that affect the ... worlds largest single-species fishery with catches in Alaska annually exceeding 1 million metric tons."[44].

The Northwest FSC supports the Pacific Fisheries Management Council and focuses primarily on Pacific salmon, and the west coast groundfish fishery (which has a landed value of about $90M/year). Shelf (triannual) and slope trawl surveys for the latter are performed by charter. The NWFSC also uses a number of small NOAA vessels for coastal field studies. The first FRV 40 is scheduled for service in this area.

The TOWNSEND CROMWELL, operating out of Honolulu, and the DAVID STARR JORDAN out of San Diego support the Southwest FSC and the Western Pacific and Pacific Fishery Management Councils. They primarily do a variety of fisheries oceanography studies, sample collections, and marine mammal and highly migratory species surveys. Their efforts are supplemented by the McARTHUR (homeported in Seattle), used by NMFS primarily for dolphin surveys, and by NOS for Marine Sanctuary support. According to NMFS' data and my discussions, none of these three ships have conducted any trawl or hydroacoustic surveys for at least the last four years. SWFSC also leads US fisheries research around Antarctica, for which

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[43] This is an excellent example of state-federal cooperation. The University vessel and her associated science team essentially act as a 'third ship' for SEFSC.

[44] Quote from the FOCI brochure. FOCI and the earlier mentioned GLOBEC Georges Bank program are good examples of type of studies that will be required to develop EFH and ecosystem based management strategies.

NMFS has modified and chartered (at $2M for 103 days by far the most expensive charter, accounting for some 36% of total FY98 charter costs) a Russian trawler, the "Yuzhmorgeologia"[45].

Of these vessels, the DELAWARE II and MILLER FREEMAN with recent/planned major repairs, and the T-AGOS RELENTLESS -- which was built in 1991 but has very little service use, and which is being modified for trawling and hydroacoustics this year -- should still be rendering excellent service to NMFS over ten years from now. OREGON II, which had repairs in 97-98, is currently scheduled to remain in the fleet through 2007. NOAA has another T-AGOS, the ADVENTUROUS, in storage (although partly cannibalized, I'm told, to support conversion of the others). NOAA also uses a third converted T-AGOS, R/V KAIMIMOANA, primarily to support the Tropical Atmosphere/Ocean mooring array in the western Pacific. Another NOAA vessel with fisheries oceanography research capabilities is the new R/V RON BROWN, a sister ship to the R/V's THOMAS THOMPSON, ROGER REVELLE, and ATLANTIS, operated by University of Washington (Seattle), Scripps Institute of Oceanography (San Diego), and Woods Hole Oceanographic Institution (Woods Hole), respectively.

NMFS' tables of "Vessel Operating Days by Mission and Equipment" (see response to Question #5 in the Appendix) show that over the last four years (FY94-FY97), the dedicated NMFS fleet[46] performed an average of @1902 operating days per year, of which 1585 were credited to survey, 195 to transit and support, and 122 to Non-NOAA operations. During this period, operating days per ship[47] ranged from 141 to 275[48], with an average of 211[49].

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[45] I commented on UNOLS distaste for this arrangement in an earlier footnote. NOAA contends that they put out an RFP for the charter, and their were no US bidders. A commercial operator I talked to contends that this is hardly surprising given the way RFP was worded, and that only someone like the Russians -- with excess equipment sitting around and a vastly different economic structure and motivations than US operators -- would touch the deal. Whatever the facts, this charter not unnaturally raises suspicions about NOAA's motivation and future willingness to work with US universities and industry. Because the charter was for work outside US waters Jones Act or other restrictions on use of US vessels (if there indeed are any for NOAA) do not apply; but one wonders whether the approach of seeking lowest prices worldwide for US fisheries research is commensurate with the intent of the MSFCMA. There are of course good reasons for and a long history of international cooperation in fisheries research, and the Alaska FSC cooperates closely and productively with Russians in the Bering Sea. This charter however does not seem to fall into the category of deliberately cooperative international ventures.

[46] As described above, minus the Delaware in 1996 and most of 1995 as she underwent RTE, but plus SURVEYOR in 94 and 95, with a few additional operating days from the T-AGOS ships in those years

[47] Ignoring DELAWARE in 1995 and 1995

[48] Only the OREGON II, in 1996, exceeded NMFS' proposed 270 DAS for the new FRVs. The next closest were 260 operating days by OREGON in 1996, and 254 by MILLER FREEMAN in 1995. I should note that there is a difference between days at sea or DAS and Operating Days. DAS is just that; but operating days include all days away from home port, in conformance with UNOLS procedures. I have not emphasized the distinction in this report because a detailed review of the cruise data for several of their ships over several years indicates that NMFS' numbers are nearly identical. This is to be expected for the short-legged NMFS cruises in waters close to home port; even for Alaskan operations, the data indicate that MILLER FREEMAN entered ports away from home only for brief crew exchanges.

[49] Discounting the small JOHN N. COBB, which is limited to seasonal work in Alaska out of Seattle, raises the average for the other vessels to 217 operating days. This is a very poor operating record. It can be compared to the proposed 270 "DAS" for the FRV 40's and 30s, which is the planning number (operating days) imposed by NSF for UNOLS Class I vessels (250 for the intermediate AGORs). The UNOLS operators prefer more - on the order or 300 and 275 for large and intermediate ships, and have

It is important to note at this point that DAS, or operating days -- while a good measure of how efficiently one uses a given ship's assets or as the basis of cost per unit of effort within a given ship class[50] -- is not a good measure of requirement. To use just a couple NMFS examples, a day of JOHN N. COBB's time can hardly be considered equivalent to a day of MILLER FREEMAN's, or of an FRV 40's; and a day of mammal survey - performed by two or three people with "big eyes" during daylight hours and low sea states -- is hardly equivalent to 24 hours of hydroacoustic/trawl survey. Even trawl-only and hydroacoustic+trawl surveys are non-commensurate. This is true whether one considers cost, area covered, volume searched, or quality of data. The Marine Board raised this serious objection in their 1994 review of NOAA's fleet replacement plan. I reiterated their concerns, and was told that NOAA continues to use these measures for equivalency with UNOLS[51], and because no better metric had been found.

This point is central to the issue of options. DAS is not a good measure of requirement. Further, if one simply considers all requirements as "DAS", then distinctions among missions and vessels are inappropriately blurred. Such a simplification may make for good view-graphs-manship, but it also can disguise reality and preclude careful assessment of options[52].

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delivered 345 to 350 for extended operations in the Indian and Southern Oceans - but NFS deliberately tries to spread the work around the fleet to keep any of its operators from being too badly impacted. Navy's contractor operated marine survel vessels typically plan a 12-14 day in-port period every four months, for over 320 days availability, anywhere in the worlds' oceans. Another interesting comparison is with commercial operations. The company with which I am most closely associated considers an 80-85% (292-310) average utilization rate reasonable for its tugs and barges (this is days working for pay at sea); it expects better from its ships given both their manning and their operating characteristics. The comparable NMFS number is 58%. For whatever reason -- we didn't discuss this but I have to assume there are a number of reasons including finding restrictions, short legs of the vessels, their age and need for repair, and manning policies -- NMFS operating record for its vessels is very poor. Even its star performers do poorly. Something, and in fact probably many things, have to change to enable the FRVs to perform anywhere close to what is advertised.

[50]or for other measures of operational impact -- Navy is concerned, for example, with operational tempo as an influence on quality of life and thus recruitment and retention of sailors.

[51] I have trouble with this explanation. UNOLS uses operating days as a means of prorating costs and assigning time at sea on a specific ship to individual principal investigators (PIs) who request sea time in their proposals. PI's perform a very broad range of different operations and equipment, depending on their discipline and the specific questions of interest to them. They can be from virtually any school (or government lab, or industry) in the country, of from overseas. The peer review process considers the location, type, and duration of the data collection required to support the investigator's science. A schedule for each ship is then devised, based on fitting the individual approved requests to ship types and locations. Although researchers can request a specific ship -- and the scientists generally are very familiar with with the fleet -- they can be assigned to any ship, and likewise any ship can be assigned to operations anywhere in the world (depending on its legs). This works well because there are a range of ship classes and characteristics. Assignments can be optimized, and the fleet overall can be built and operated to optimize the mix of ship classes and locations (subject of course to politics). When dealing with a ship with unique characteristics, assignments are based on intensive scrutiny of the research, and the use of its particular assets. E.g. for the ATLANTIS, 'ship time allocation' is made on the basis of individual ALVIN dives. The bottom line is that "operating days" is an outcome of an intensive community wide planning process, not an overall requirements metric.

[52]In spite of these protestations, I too will use operating days/DAS for some portions of my analysis, both because that's how NMFS gave me its information, and because they start to become more meaningful as they are more closely tied to specific operations or areas.

Two ways to approach the next level of detail below total fleet averages are to first examine the different tasks performed, and then to look at operations in each region. NMFS' 1902 operating days per year average equates to 7.04 ships operating at 270 days each[53]. Subdividing this work into the categories in which NMFS reported their effort yields, for principal missions[54]:

- Trawling Surveys: 1.34 ship-years @ 270 days
- Habitat Surveys: .39
- Physical Oceanography: .21
- Biological Oceanography: 1.69
- Hydroacoustic Survey: .41
- Marine Mammal Survey: 1.26
- Reeffish/HMS/crustacean: .56
- Transit & support: .72
- Non-NMFS operations: .45

Lumping these operations into somewhat larger but compatible categories yields 2.15 ship-years of the most specialized work (hydroacoustics/trawl/habitat surveys with piggybacked oceanography), 2.46 years of fisheries oceanography and longline/pot/trap sampling, 1.26 of marine mammal survey (visual observation plus biopsy), .72 of transit and support[55], and .45 of non-NMFS work. Roughly, reassigning transit to where it is most used, the breakdown is about 2.5 ship-years for the most demanding (in terms of quality and breadth of dedicated fisheries research vessel characteristics) work, 2.5 for oceanography/pots/longline, and 1.5 for marine mammals survey. Of these three, **only the first** makes full and effective use of the proposed, and most demanding FRV capabilities (and even here, much of the included work -- e.g. habitat survey -- does not). The FRVs may help for the others, but they're hardly essential and I certainly would have trouble justifying $50M for a new vessel to perform many of them.

Charter work needs also to be considered. Here I have information only for 1998, and while point samples are dangerous no one indicated that this year is anomalous. Using the same broad categories yields slightly over 2.5 ship-years of chartered trawling survey, 1.5 of oceanographic-/pots/longline, and <0.5 of marine mammal work. Again, this assumes the 270 operating day per year figure, which seems not unreasonable and permits comparison with the use of NOAA's vessels. NMFS projects that in the long term it will use about twice this amount of charter support (2320 days compared to the 1230 for 1998), but I have no indication of the work mix in that estimate. Clearly, however, NMFS has demonstrated the ability to incorporate chartered vessels into its full spectrum of operations.

Another way to look at the issue is by region. While FSCs in all regions do a mix of work, they each have dominant concerns which drive their vessel needs. The Northeast has simultaneously

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[53] It should be noted that this is 270 operating days. 270 DAS will yield equal to or greater than 270 operating days, so that if NMFS really does get 270 DAS from the FRVs, the numbers here are conservative.

[54] Considerable biological and physical oceanography is conducted as an adjunct or "piggy-back" to other operations, particularly hydroacoustic & and trawl survey; likewise, trawling is conducted in conjunction with most hydroacoustic survey.

[55] Support alone is .19. Although all ships must be assumed to use some time in transit, NMFS statistics show that the operations using most transit time are support of Alaskan fisheries out of Seattle, and TOWNSEND CROMWELL's and McARTHURs' operations in the Pacific.

the most stressed fisheries and the best data sets[56]. Their primary needs are to maintain the quality and continuity of their groundfish trawl surveys, and to obtain data to underpin management plans for currently underutilized stocks of herring and mackerel to prevent these fish from following the prototypical "underutilized- collapse-recovery" cycle[57] for which past management practices have been criticized. Both of these tasks will benefit immensely from the use of hydroacoustics in conjunction with trawling. Further, NOAA's arguments about the importance of and time required for intercalibration of trawling are based largely on experience from this area[58]. During my visit their Director and staff provided detailed briefings on their operations and outlined their long term quiet FRV requirements as about 1.3 or 1.4 ship-years (at 270 days per year), including over 230 days of hydroacoustic and trawl survey and associated work, and about 80 days of marine mammal survey. NEFSC provided me the most detailed breakdown and comparison of present and future requirements, and this information is appended to the answer to Question 5 in the appendix.

For the SEFSC, CHAPMAN already has effectively been replaced by RELENTLESS. The support provided by the University of South Carolina is an excellent example of state-federal collaboration. Even when the University's current ship retires, it would seem to make sense to continue the collaboration. The key issues for this FSC would thus appear to continuity of the summer and fall trawl time series usually performed by OREGON II -- an average of 75 days/year over the last 5 years[59] -- plus collaboration with states for EFH work since most of the Atlantic and Gulf species in the region are dependent on estuaries. The SEFSC is just about to go operational with long line, trap, and camera surveys, but these do not require the unique capabilities of a FRV. Representatives from the center also stated that hydroacoustics will be

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[56] I again refer you to the excellent new book by Boreman et al, *Northwest Atlantic Groundfish: Perspectives on a Fishery Collapse,* for a detailed discussion of fisheries management in this important region.

[57] To borrow a phrase from Congressman Saxton in his talk at the recent YOTO Liiving Marine Resources meeting run by the Heinz Center

[58] In my initial briefing, NMFS stated that every new ship would need three-years overlap with its predecessor in order to conduct calibration. Certainly in situations like the NEFSC's, considerable effort must be dedicated to maintaining statistical validity of samples. At issue is how much and how long. At a minimum, as suggested by the NEFSC, an independent review (e.g. by ICES) of all available data and experience should be conducted to assess the real requirement. I would also argue that NEFSC's two ships are already cross calibrated; therefore it should only be necessary to calibrate the new FRV with one of them, more specifically the DELAWARE II which has just had its RTE and will still be around for an overlap with the planned new FRV 30.

For cases like the Northwest Atlantic trawl series, the issue is clearcut even if the specific plan needs work. Similar arguments can be advanced for OREGON II in the Southeast, and MILLER FREENMAN in Alaska; and both of these ships should be in service long enough to provide for a smooth transition. Furthermore, the process of intercalibration should be much simpler and more rapid for hydroacoustics, since the survey ships calibrate themselves against an acoustic standard on every cruise, and trawling is used for only relative, not absolute, numbers. The quieting of the FRV may of course be a confounding factor, and considerable experimentation will be required.

Regarding marine mammals, I have not been convinced by any of the briefings or data that there is enough certainty in today's numbers or procedures to justify any dedicated cross-calibration. Similar considerations pertain to oceanography, longlining, pot sampling, etc. Either there is not enough statistical validity in past data, or the methods are sufficiently ship (if not technique or instrument) independent that extensive efforts to cross calibrate are not justified.

[59] This survey has been performed since about 1972. A replacement vessel will need to be calibrated; my comments above on statistical analysis and careful planning to minimize overlap apply.

less immediately valuable here than in the Northeast or Alaska, but I believe it reasonable to assume that as the technology develops it will find useful application.

The Alaska region is generally regarded as the best managed in the nation. There are numerous reasons for this, but among them must be counted the high quality hydroacoustic surveys in conjunction with oceanographic studies, and extensive involvement of the industry in the survey process through a very rigorous observer program and considerable use of charter trawlers for regular surveys (Alaska FSC has by far the largest and most diverse chartering program). Given the high value of its fisheries and the need to maintain the quality of its at-sea work, there is no question that R/V MILLER FREEMAN's replacement should be one of the core vessels. Alaska is primed to do groundbreaking research both on advanced use of hydroacoustics, and on combining EFH and ecosystem methodologies with stock assessments. At the same time, industry participation -- which has been very important to maintaining the collaborative attitude in the region -- should not be allowed to diminish; the relatively small and unspecialized work done by JOHN N. COBB could easily be conducted in this fashion at any time.

The driving seagoing requirements for the NWFSC are shelf and slope groundfish surveys. At the current time, both of these are done with chartered trawlers. Switching from tri-annual to bi-annual for shelf surveys -- which rotate among the west coast from Washington south, the Gulf of Alaska and the Bering Sea (additional annual surveys are also conducted by charter in the Bering Sea) -- would increase the requirement from about 140 to 210 days per year, plus the 90 days for the slope surveys. The shelf surveys are in the best position to employ the full FRV capabilities, since much of the slope is too deep for hydroacoustics. Another major need for this region is to understand the portion of the life cycle of salmon that is spent in estuaries and the ocean. This is a significant EFH/ecosystem fisheries oceanography research issue. NMFS is planning on assigning the first FRV 40 to this area, to replace the charter work[60].

I did not visit the SWFSC, although I was briefed on some of their work. Three NMFS vessels work in these regions, but neither the tasks that were described to me nor the data provided by NMFS would indicate that the special capabilities for which the FRVs have been primarily designed -- in particular hydroacoustics and trawl survey -- would be effectively employed. There is no question about the need for ship time. At issue is whether FRVs are warranted. Based on everything I have learned and comparison with the work in other regions, I believe not, particularly when other options are available.

There are at least three ways to look at such options, not just for SWFSC but for the full range of NMFS operations, current and envisioned: cooperative research and survey with partners, technologies not currently used, and alternative approaches to ships.

NMFS has several natural partners for its at sea work. The most obvious as well as the most important are the fishermen. They can contribute fisheries-dependent data (observation programs, logs, etc), fisheries independent survey data, and research. There are both socio-

[60] It is worth reiterating that the landed value of the West Coast groundfish fishery to be supported by the new FRV is only $90M, and dramatic improvement is doubtful while there is significant excess capacity in the commercial fleet. If one was to invest $50M in improving this fishery, one may wish to consider a buy-back program or similar measures that would at least create conditions under which the fishery could be effectively managed, rather than displacing the fishermen from work they now seem to be performing adequately.

economic and technical reasons -- not to mention compliance with the law -- for involving the fishermen as much as possible in NMFS operations. An attitude of cooperation and trust contributes considerably to the effectiveness of management. This is all too often lacking and NOAA (like, e.g. the IRS) bears the responsibility for developing a supportive attitude toward the citizens and businesses it impacts. I did detect some signs of improved relationships, and in some areas - again notably the Alaskan fishery - there seems to be good cooperation. However I also was told that the quality of much fisheries-dependent data is actually decreasing because of the way it is collected; many of the words used to describe NMFS were distinctly hostile, distrustful, and disparaging; and in turn the attitudes displayed by too many NOAA employees were not indicative of an organization that has committed itself to developing effective working relationships with its partners and customers[61].

Admittedly there are some difficulties involved in doing some of NMFS most challenging tasks with commercial or recreational fishing vessels. However all I heard was why it wouldn't work, or why fishermen didn't provide good data, and little or no innovative thinking about how to make this approach work[62]. Albeit there are several bright lights and some good examples, NMFS (and other parts of NOAA that work with them) as a whole needs to devote very serious effort and experimentation to the sociological aspects of its operations. They could use professional assistance in this area, as part of the legally mandated increased emphasis on socioeconomic considerations in ecosystem based management.

A second natural partnership is with the states, individually and through the Regional Commissions. Each FSC interacts with its local states, Regions, and Councils differently based on differences in law, ecosystem characteristics, and fisheries practices. EFH and ecosystem considerations will mandate a 'seamless' approach to management of living marine resources. Enhanced cooperation with the States and their resources, e.g. the arrangements with the University of South Carolina for SEAMAP and MARMAP surveys, should be examined. Similar opportunities are available elsewhere, particularly if NOAA was willing to develop plans for cooperative investment in outfitting or modifying ships to support their work (as they have, e.g., with Russian vessels).

A third partnership is with the Universities. The seeds of this have been planted in some of the cooperative institutes and similar arrangements. However, NMFS continues to do the vast majority of its research in-house, and to rely on its own FTEs for innovation. In the long run this is self defeating because it limits the interaction with academia that alone can inspire interest in education in required fields. OSB pointedly commented on this deficiency with regard to stock assessment. Some of NMFS scientists I talked to similarly decried the decline in major fisheries programs at several leading universities.

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[61] There was also a significant difference in the way I was treated between Headquarters and the field sites, and among the FSCs that I visited. This is admittedly a subjective impression; but such impressions form the basis of relationships.

[62] The differences in chartering and observer practices among the regions are indicative of attitudes as well as resource availability and task differences. NMFS has started to share approaches to survey and assessments among its regions; a similar approach to best practices of interaction with fishermen may be a good place to start. To the degree that fisheries dependent data is of high quality, both the reliance on fisheries independent data and the trust of the fishermen in the results should be improved. There is vast room for improvement in this area.

My attitude in this area is heavily influenced by my Defense Department background. Not only have the military services and DARPA traditionally relied very heavily on universities and industry for most of their science and technology, but the acquisition reform movement is promoting an even greater reliance on extramural support of defense related work -- from research, to charter and lease operations of non-combatant platforms, to maintenance and repair. NOAA has been notoriously slow in its willingness to support outside work. The need for a fundamental change in attitude should be apparent in the shift toward EFH and ecosystem based constructs (and Congress's increasing demand for outside opinions on and reviews of stock assessments, etc.).

NMFS has neither the talent nor the manpower needed to effectively employ its proposed FRVs, let alone to deal with the new paradigms. If the GLOBEC Georges Bank program is a good example -- and both NMFS and academic scientists have told me that it is -- then increased partnership will be essential to provide the intellectual capacity as well as the educational opportunities to support NMFS through this transition period and into a new paradigm. Increased external participation now, in the traditional practices that will continue to be required as the underpinning of more comprehensive approaches, would go far to ensuring continuity of quality and a coherent approach to change. And in my view **ALL** future NMFS fisheries oceanography (explicitly including the roughly 2 ship years per year of physical and biological oceanography that NMFS now does in-house) should be done in conjunction with university researchers and with the support of their UNOLS system.

NMFS might argue that none of these suggestions will substitute for the need for new FRVs. I agree, but I also contend that serious action on the steps I suggest will be required to ensure that the new vessels are used effectively, efficiently, and in a manner that enhances trust in and thus managerial utility of the data; and that if done with a wholehearted intent to make them work for the betterment of our living marine resources, that they can significantly influence both the amount and the nature of the work that NMFS' core ships and internal scientists will need to perform. I for one am convinced that what I suggest can make a huge difference. The proper **attitude**, however, is critical; as is the support of the administration and Congress to provide a reasonable **resource base** to enable such an extramural effort.

A few comments on technologies are appropriate. NMFS historically has been a user, not a developer, of technology. There are many places where astute investment in technological advance -- e.g. in advancing the state of practice in hydroacoustic survey -- will be essential to warrant the $50M per ship proposed investment in infrastructure. One should not even be contemplated without the other[63].

Perhaps more significantly, however, NMFS has a reputation of being technology-averse. NEFSC scientists cited their predecessors' active resistance to acoustics; a West Coast scientist showed a cartoon of people pulling a heavily loaded wagon fitted with square wheels -- the load was round wheels; and briefing after briefing evidenced hostility to new ideas and approaches that could displace current practice[64]. One my non-NMFS contacts despaired, in his words,

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[63] In line with my comments above, this does NOT mean that the investment must be in-house or await the opening of FTE slots so that NMFS can hire its own very few experts. Just the opposite, in fact.

[64] As always, of course, there are some exceptions. Many individyual NMFS scientists were excited about the possibilities of using acoustics and other new tools. But by and large, the emphasis was on defending traditional practice.

from teaching the euphemistic "pig to sing". To someone who has spend most of his career in R&D for national security, where the fundamental premise is to attain technological superiority, such attitudes are almost incomprehensible. I fully understand the need to have the advice that NMFS provides to the Councils withstand the test of the courts. I find this no excuse, however, for unwillingness to actively seek technological improvement.

In addition to shipboard hydroacoustic survey, as I have already mentioned there are many other ways to use acoustics in fisheries and oceanographic research and survey. They range from monitoring trawl performance, to assessing plankton, to counting migrating tuna, to sidescan swath mapping, to characterizing the bottom and subbottom. Acoustics have also proven extremely useful in mammal studies; notable as an example are the recent LFA tests off California and Hawaii, using Navy's front-line operational monitoring equipment[65] to assess reaction and behavior. Navy similarly has supported a number of 'mixed-methods' surveys using a combination of visual and acoustic techniques. Such work could be rapidly advanced and should contribute significantly to our knowledge of the animals and man's impact on them.

Optics provides additional options for survey and research. Video cameras are already being used to record reeffish activity, as well as to study interspecies interactions under controlled conditions. Video plankton recorders have been fielded by oceanographers, and their capabilities could be vastly expanded. Laser line scanners can enhance groundfish survey and, like acoustics, monitor net performance. Lidar (laser-radar) offers significant potential for monitoring near-surface species of all sizes and types, although such techniques are nowhere near as advanced as acoustics. Even something as simple as aerial photography could provide spatial coverage and resolution for marine mammal surveys; lidar also is a potential mammal survey tool, if eye-safe techniques could be developed[66].

Another rapidly evolving approach involves the use of tags. Tags can be safely attached to fish and mammals to help track their locations and monitor their activity, physiology, behavior, vocalizations, etc., as well as the properties of the waters through which they pass. A similar technique -- individually identifying animals by natural markings -- has successfully been used to obtain much more precise counts of right and humpbacked whales[67]. An effective and widespread tagging program, combined with advanced analytical techniques to interpret the results, could not only drastically improve our knowledge of large pelagic fishes and marine mammals, but fundamentally change the very inefficient way in which we now monitor them. Tags may also work very well on smaller species.

Satellite data are already used to varying degrees by NMFS FSCs, as well as very widely by the oceanographic community. The basic techniques - assessment of sea surface temperature, currents, plankton blooms, habitat characteristics such as sea grass, etc., are well advanced, and not only provide essential oceanographic and monitoring information but can help direct

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[65] Which, incidentally, is operated under a commercial ship charter arrangement, a practice that Navy is using more and more frequently for everything except combatants.

[66] NMFS currently deliberately avoids marine mammals when using lidar. The concern is obvious, but no one had any factual or even anecdotal information on mammals' visual sensitivity or the likelihood of their even noticing it, let alone sustaining damage. Precaution I understand. Not approaching the issue scientifically when it could offer substantial benefit I don't.

[67] One can envision tagging each and every Atlantic right whale (there are only some 300 or so of them) to keep essentially continuous track of their location to help alert ships so they can avoid whale-strikes.

fishermen and researchers to areas of most interest. Assimilation of satellite data into both meteorological and oceanographic models also is beginning to have major payoffs in improving model skill.

Information from our most sophisticated satellites is also accessible to NMFS. While this type of data inherently involves tradeoffs between resolution and coverage, studies have demonstrated its applicability to tasks as diverse as counting animals on beaches, tracking whales by their surface wakes, and assessing lobster spawning around Penobscott bay. NESDIS and Navy have done some very innovative work in this area, and -- with appropriately cleared and talented personnel -- NMFS could benefit significantly from national programs designed specifically for such purposes.

One very exciting evolving area is the use of moorings, drifters, and autonomous underwater vehicles, instrumented with acoustics, optics, and a wide variety of other ocean sensors, for long term monitoring of ocean areas. Navy is designing networked systems of such devices that communicate with each other and reconfigure themselves for smart monitoring, and analyze and pass information to either ships or shore. I can envision dozens of ways in which such systems could be of use in ecosystem studies, behavioral research, and stock assessment. NOAA is peripherally involved in this work because some of the AUVs have been developed in Sea Grant supported programs; but NMFS seemed otherwise unaware of the status and potential of the Navy supported developments (which are being done by industry and universities).

This is just a small sampling of the types of approaches and technologies that are applicable and available to NMFS, should they be interested and able to pursue them. It is worth reiterating that this work has been supported largely by NSF and ONR for purposes other than fisheries. To use it for fisheries research and survey NOAA must both invest in the technology, and change its approach to accessing talent. Even without a concerted NMFS effort some advanvces will occur. Navy will continue to play a leading role in mammal research; the international community is investing in fisheries technologies; and the Sloan Foundation has been promoting the concept of a global 'census of the fishes' that has already elicited considerable discussion in the academic research community about techniques, objectives, and feasibility of such an effort. But only NMFS can bring all of this interest and investment to bear on the the management of our living marine resources. As with partnerships, **a change in attitude -- and resources -- will be required.**

Also as is the case with partnerships, none of these technologies will replace the need for FRVs. Some of them will take decades to mature (of course the ships are intended to last that long...), none of them are a panacea, none of them will supplant the continued need for traditional stock assessments. All of them however will contribute to quality, reliability, and believability of the data, to better understanding of the fishes and mammals, and to the mandate to move toward EFH and ecosystem based approaches. They can also influence the way ships are used, and reduce the need for FRVs. New technologies will be essential to meet what I read as the intent of the law, and in the long run they can fundamentally change the way NMFS conducts its seagoing operations.

Even without invoking new technologies, NMFS does in fact have many ways it can supplement the new FRV 40s and 30s for significant aspects of its in-house at sea work. NOAA is already converting RELENTLESS. They could do the same to ADVENTUROUS. UNOLS has indicated that they could pick up significant amounts of the support of the TAO arrays with ships

already being scheduled through that area, and this would release much of KAIMIMOANA's time for support of fisheries. Yes, I fully acknowledge, as NMFS responded to my question, that a T-AGOS is by no means a fully capable FRV. That's not the point. They simply could do many of the NMFS jobs nearly as well at great cost savings.

The same can be said about use of UNOLS research ships. NMFS conducts over 4 ship years per year of research and survey operations that don't involve hydroacoustics or major trawling surveys; @2 of these are for oceanography. I see little fundamental distinction between much of this work, and similar NSF and ONR research with UNOLS ships. Even beyond fisheries oceanography, which most of the academic fleet can support, KNORR and MELVILLE both have trawl ramps and with moderate cost could be modified to augment NOAA's core resources.

An investment of this nature by NOAA would have the added benefit of enhancing the interaction between NMFS and the academic oceanographic community, which I have argued will be essential to meeting future needs for living marine resource management. Fisheries and oceanography have to be reintegrated, and a proactive effort on the part of NMFS to find ways to tap the nations' available intellectual and seagoing resources, and to partner with other oceanographic sponsors, would pay great dividends at minimal cost. Similar arguments pertain to potential improvements to other vessels currently in the UNOLS or State fleets and to modifications to planned or potential builds like Hawaii's AGOR 26 swath and WHOI's coastal swath. And even if these don't work out, NMFS should certainly interact with UNOLS' Fleet Improvement Committee on fisheries features for replacement intermediate class AGORS.

Options are available even for some of the more sophisticated tasks. As hydroacoustic techniques advance - and perhaps to help them advance - NMFS could consider the use of towed rather than hull mounted transducers (Navy and UNOLS routinely use this technique for a wide range of sophisticated acoustic work). This would enable deeper hydroacoustic survey, e.g. on the west coast slope, and minimize the problem of ship's noise. Many more vessels, including fishermens', could contribute. Similarly, a research program that used optics or acoustics on the front of fishermens' nets to monitor fish activity associated with different trawling techniques could produce a calibration procedure that eliminated or at least reduced the need for extensive side-by-side trawls and blind statistical approaches, thus making it possible to use a much wider range of fishing vessels interchangeably in trawl surveys[68].

There is yet another approach that NMFS has rejected, namely the construction of a cheaper vessel with less than the full range of capabilities. Marine mammal survey seems to be a good candidate for this option. I find it very hard to conceive of using a $50M ship to essentially support a few sets of fancy binoculars, and even then only during daylight hours[69]. Surely

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[68] One of the NMFS scientists commented that an alternative to careful calibration was simply to use a wide range of fishing vessels for the surveys, and then to average over their results. I see no inherent reason why this approach, particularly in combination with use of acoustics or optics to monitor what is actually happening, should not do at least as well as the proposed extensive intercalibration procedures, given all the variables involved. In view of the costs of what NMFS proposes, and the advantages of greater interchangeability and the wider participation of fishermen in surveys, an independent study of alternative ways to use a wider range of vessels in trawl surveys might pay dividends.

[69] Yes, I fully understand that NMFS takes oceanographic data at night during these cruises, and that quietness helps, and that biopsy samples are needed, etc etc. I'm simply not convinced either of the value of random CTDs and similar samples, or of the need for 1000F trawling capability and many other cost and

there's a better and cheaper answer, particularly if one gets serious about bringing technology to bear on the issue. I by no means am belittling the dedication of the people who do this work, or the importance of marine mammal research and protection. I simply believe that we can do a lot better, and a lot cheaper, than employing FRVs as planned for this marine mammal survey, even if it means that NOAA needs to acquire the services of another specifically designed vessel (and I'm certainly far from convinced that such is the case).

My bottom line is simply that there are lots of options, beyond purchasing and operating 6 FRVs, should NOAA really want to take advantage of them. All would be cheaper, and I believe better, from both a socioeconomic and a scientific standpoint. But all would require a willingness on the part of NMFS and ONCO to go about their business in different ways than they have in the past. I personally believe that such a **change of attitude and approach is long overdue.**

I want to again stress that these arguments do not negate the importance of having some FRVs as the nation's core fisheries assets. I have already argued strongly in support of the ships' requirements. I can see a clear opportunity for very effectively employing the full suite of characteristics, and the full time services of an FRV for a combination of fisheries oceanography (e.g., expanded or enhanced versions of GLOBEC and FOCI) and monitoring in the Northwest Atlantic and Alaskan areas. A second FRV in each of the Atlantic/Gulf and Pacific (for a total of 4) would certainly be desirable, particularly if they were used as part of a carefully planned **national** effort to address EFH and ecosystem issues, in conjunction with similar **nationally** planned fisheries oceanography programs in Northwest Atlantic and Alaskan waters. A wide range of combinations of the other options I have suggested -- and others that the national planning effort I suggest would inevitably identify -- could certainly meet the rest of our needs for seagoing support of the wise management of our living resources.

In summary, I believe NMFS approach of acquiring the dedicated services of 6 new FRVs and continuing to do business more or less as before, is not only not the only option, but also a very poor one. There are a range of other options, and I have suggested several approaches to defining them. The first critical component of the other options however is attitude[70]. I firmly believe that NMFS' attitude and approach to meeting its mandate must change, just as the mandate itself is changing. One point that has become very clear to me during this review is that if you give NMFS the FRVs it wants the way it wants them, their attitude will not change. Even if this didn't doom us to perpetuating Congressman Saxton's underutilized-collapse-recovery-cycle it would not, I believe, serve the nation's needs for wiser management of our living marine resources.

c. FRV (and seagoing services) Acquisition Approach. NOAA's top management's official position is that they don't care how they get the vessels - they simply need the dedicated services. Nonetheless, NMFS and the other elements of the agency who are working on the FRVs clearly intend a government buy and internal operation. This is the one area where my requests for evaluation of even of simple alternatives and excursions to the economic model

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design drivers of the FRVs for this work which currently occupies a year and a half NMFS ship time per year.

[70] A second critical component is **funding**, particularly for extramural support. I will discuss this further in the section on acquisition. But another way to look at the issue is how to best spend $300M (6 x $50M) on fisheries. Again, I would contend, NMFS proffered approach is far from the ideal.

were abruptly rejected[71]. Given their apparent attitude, I am unconvinced that they have examined alternative approaches and really tried to find options. However, how NMFS acquires its seagoing services is at least as debatable as its numbers of ships, and there are in fact a wide variety of approaches that should be very seriously examined.

At the bottom line, however, I know of no way to get a completely objective answer to what's cheapest, barring a major and detailed assessment of all alternatives conducted by a completely impartial organization. I certainly can't do this by myself. I can however state that I have followed similar arguments among industry, Navy, NOAA, and UNOLS for too long, and have seen too many ways to jigger the analyses or count the numbers, to have faith in any answer when it is based on advocacy, as NMFS's clearly seems to be.

There are related three issues I want to address regarding acquisition: How to obtain support beyond the core vessels, whether to buy the FRVs or obtain them some other way such as a build and charter, and how to operate them if the government does decide to buy them.

The first of these should be the most straightforward. NMFS has a long history of chartering from the industry. To the degree that industrial support will follow the present form, that should present no problem. However the MFCMA encourages the use of fishermen in research, and in survey when appropriate. NEFSC, for example, intends (as I recall from our discussions) to reduce the frequency of surf clam surveys, but the industry seems likely want to fill in the resulting gaps in its own interest. If and when relationships and fisheries dependent data improve, NMFS may be able to deliberately utilize fishermen in such innovative ways to reduce in-house efforts. Similarly, for example, if dedicated bottom trawls were required to augment oceanography being performed from a UNOLS vessel, fishermen could could be part of a joint effort[72]; of if NMFS wanted to instrument a range of fishing gear to measure and assess its impact on habitat, then fishermen could provide these services while fishing. These types of support will require contracts or grants for data or services, rather than charter.

As I have made clear above, I envision a much closer relationship between NMFS and the academic research community, for essentially all fisheries oceanography. This means working more closely and effectively with UNOLS. NOAA has started this type of interaction with RON BROWN and already employs some UNOLS vessels in fisheries support, but these practices need to be refined. Similarly, NMFS will need to develop integrated operational plans with the States to support EFH research. There also are ways in which NMFS could work more effectively with yet other parts of the US seagoing community. NEFSC for example supports three routine plankton surveys using ferries, or support from the Sir Alister Hardy Foundation. As video plankton recorder technology matures, I can envision employing a much wider range of either ships of opportunity or ships making repeat passages over waters of interest, to build a robust nationwide plankton data base. Similarly, as oil extraction expands further offshore in the Gulf, mammal observation (combined acoustic and optical) from production platforms may

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[71] See my question to John Hotaling of 27 Feb 98 and the NOAA staff response. I find it non-responsive, offensive, and in many instances plain wrong. In the face of what I consider deliberate prevarication I chose not to pursue this issue, but rather restate that I stand by the concerns and recommendations of my request.

[72] NMFS argues that such two ship efforts are more costly than using a single FRV. This may be true in some circumstances. For many experiments, however, desired spatial and temporal coverage could best be provided by two or more vessels. This is not atypical of many modern oceanographic research programs.

make sense. And, Navy and DARPA are discussing the possibility of developing an "acoustic observatory" to address the next level of fundamental questions about sound in the oceans. If NOAA was to participate early in these discussions, its interests could be considered up front, rather than a-posteriori as was the case with SOSUS.

I have already suggested that there must be a cheaper way to conduct marine mammal survey than using FRVs. This is another area where NOAA sponsored research -- in conjunction with Navy and NSF supported researchers and the overhead community -- could yield great dividends. If new dedicated vessels are for some reason needed for this[73], then a build or convert and short term charter approach would appear to be ideal because it is likely that procedures and thus vessel requirements can evolve considerably.

To summarize, I am suggesting that-- in consonance with the change of attitude and approach needed to address EFH and ecosystem based management while maintaining high quality stock assessments -- there are many ways for NMFS to be innovative in acquiring high quality extramural support for most of its seagoing needs.

Regarding FRV acquisition, I believe that there are nearly as many options. The basic decision, of course, is whether to buy, or to use some other approach such as build and charter[74],[75]. For the sort of proposition that NMFS is interested in -- namely long term operation of a vessel -- current OMB counting rules clearly favor the government buying up front[76]. Nevertheless, there are several extant examples where the government is a satisfied customer on longer term deals. One example is the the original build and charter for 20 years with option to buy for the original 13 ship Martitime Prepositioning Fleet. NSF obtained the drill ship JOIDES RESOLUTION on a 15 year lease, and has conducted build and charters for two icebreakers: NATHANIEL PALMER on a 10 year lease and the new LAWRENCE GOULD on a 5 year with unilateral government right to 3 and 2 year extensions. And Navy is currently asking Congress for permission to use a 25 year lease for its underway relenishment ships. Obviously, there are cases

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[73] This is one task for which SWATHs may prove very well suited.

[74] There is another option associated with either of these, namely convert an existing hull. The MSC market survey indicated some industry interest in this as an option for FRVs. It is used by the Navy for its additions to the Maritime Prepositioning Fleet; in one variant of this procedure, industry buys and converts a foreign flag vessel and then sells it to the government, but has to agree to operate it for five years. Although I believe this is viable I won't dwell on it because the more immediate desisions are between in-house or outside procurement and operation.

[75] There is another issue I want to comment about but not dwell on. That is whether the FRVs should all be acquired in consecutive years. There is some risk in the requirements, principally in meeting the acoustic spec. It may well make sense to await limited evaluation of the first FRV before committing to the others. NMFS strongly dislikes this approach for a variety of reasons. Part of their reluctance stems from a projected three year design and build process, which could stretch out the process beyond the reasonable life of many the ships they are intended to replace. Nevertheless it may be prudent to consider an initial build and test, followed by a lump acquisition of the others. The big issue is money. If the ships are bought, more than one per year is probably too much for the budget. If however the ships are obtained under a build and charter arrangement then this consideration does not pertain, and once satisfied that the requirements produced a good ship, the acquisition could proceed faster, say all the others in a single package. This may save money by both getting a better deal and moving the older vessels out of the fleet much faster, eliminating some planned major repairs.

[76] I heard this contention from many knowledgable people. You of course know much better that I, OMB's position on the issue.

where long term charters make economic and operational sense. I believe that such an approach could be made to work well for the FRVs.

For shorter term leases, e.g. the 5 year limit imposed by 10-USC-2401, Navy is moving to build or convert and charter for more and more of its non-combatant operations. In part, this may be attributed to the overall emphasis in OSD on acquisition reform. There is a strong sentiment that industry can outperform government in a very large range of operations; my view is simply that if it works for the DoD, which has a well-honed planning and acquisition system, then it ought to work for civilian agencies as well. There are of course facts to back up this philosophy. To cite just one pertinent example, the Navy's Pacific Fleet credits a $500K/year cost savings per ship from employing chartered tractor tugs to replace YTBs; in Pearl Harbor, for example, three tractors replaced 5 YTBs for savings of $1.9M annually, and in addition eliminated the Fleet shore tail. Navy would not be turning more and more to such practices if they did not make both economic and operational sense[77].

After several days of talking to congressional staff, industry, Navy, MSC, etc., I have come to a rather simple conclusion: if NOAA wanted to, it could structure an acquisition procedure that provided for commercial participation in building and operating the FRVs in a way that could both save the taxpayer money and provide for efficient and effective operation of the ships. However if it doesn't want to, then it can and will find (as it has found) all sorts of reasons why a government buy is the "only option". I remain unconvinced that there is any substantial savings, in the long run, in total costs to the taxpayer of a government buy; if anything, the weight of evidence in my view is that industry is both better and cheaper. At the bottom line, if the Administration and Congress do decide to acquire FRVs, it really amounts to how they want to pay for them: up front with "SCN" type funding or over the years with some type of a lease or charter arrangement, or some mix. The issue is at least as much one of philosophy, attitude, and approach than of cost. I happen to favor maximizing the use of the private sector, particularly in cases like the FRVs; others will have other views. But again, to return to your basic question, there are options if one is serious about developing them. NMFS, ONCO and SAO obviously aren't.

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[77] NOAA will argue that 5 years is inapplicable to their requirement because of the need for calibration every time a ship changes, a process which, recall, they argue could itself take up to three years. Longer leases, or addition of "unilateral" rights to extend, require congressional approval. One can counter that calibration, especially for acoustics need not take so long, NOAA did already have approval for seven year leases and could probably get at least that without difficulty if it asked; and NOAA could easily assure itself access to the same ship for renewals on either a competitive or sole source basis if it wanted to because it's highly improbable - as market surveys have demonstrated - that their needs could be met by other than the chartered FRVs; nobody else is going to build a ship with its quieting, hydroacoustics, etc etc, nor is there any likely other customer for the ships. I have received various opinions from industry on their interest in short term leases for ships that are so specialized. The concern of course is that if the government specs change, they will be stuck with a ship that has little if any other commercial value (like the Falcon tankers). At least one company however indicated it would be very interested at the five year level, both because of NMFS' intent to operate the same vessels for a long time, and because they believe they could easily beat the government's cost to build (assuming NOAA contracted for the requirements, not the design) and thus make money on the deal. Others showed interest at about the 8-10 year point. I conclude from all of this -- and many other pros and cons -- that one can make telling points for all sides of any of the associated argumnents, but that a short-term build and charter arrangement, say on the order or 7-8 years, would work very well.

A closely related question, is which government agency should manage the acquisition? Given NOAA's lack of exerience plus NMFS/ONCO/SAO strong advocacy of a government buy, if it is decided to devise a package that would promote build & charter or similar competition in industry, then either MSC or NAVSEA, both of which has positive experience with such acquisitions, would be more appropriate. Letting NOAA manage something that its bureaucracy wanted to fail would be almost a guarantee of disaster.

If a government buy is selected, then there are two issues: first who should do the buying, and second what should the bid package be based on. With regard to who, it is obvious that both MSC and NAVSEA have more experience than NOAA's SAO, although SAO has worked very closely with them and seems competent to do the job. A Section 845 procurement by NAVSEA -- under which they are procuring AGOR 26 for the University of Hawaii -- offers many opportunities for cost savings and innovation, but may not be possible; the FRVs, though containing many elements of risk and innovation, may not meet the tests of R&D required for its application. Again, the point is that there are several viable options, and it is not at all clear that an "in-house" procurement is the best approach.

More significant is what to buy. As I understand it, NOAA plans at present to bid the requirements, while providing the hull form and propeller design as GFE to reduce the contractor's risk on meeting quieting specs. However NOAA also -- at a cost of about $3.1M (including acoustics) -- has produced a "Feasibility" design[78]. The natural temptation will be to make sure the vessel "looks like" precisely what they want it to look like, all the way down to the head on the bridge, as well as to meet the requirements. But the more the constraints, the higher the cost.

I have already stated several times that not only I, but those in the business that I have talked to, are comfortable with the requirements package. The approach of using the Navy's designers to develop the critical elements for quieting is good, but should not in my opinion be a constraint. That is, the contractors should be free to use them or not, as long as they meet the ICES spec. If they do chose to use the GFE hull form and propeller design, fine, then they are relieved of that element of risk. But if they feel they can build for less using an alternative but still satisfactory approach, that should be their option. And the "Feasibility" design should be just that and absolutely no more, i.e. it should play no role whatsoever in the RFP or in the contractor's design and construction process.

These considerations, incidentally, apply at least as much to a build and charter as to a straight government buy. In build and charter or similar arrangements, a contractor can reduce costs to the degree that industrial practices are invoked. Historically, this has yielded significant construction savings. Navy's draft numbers for the proposed unrep ships, for example, indicate an 8% savings compared to a government design. Many of the numbers I have heard from industry are significantly higher[79].

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[78] Many of the prople I have talked to argue it is much more than "feasibility" - it's complete down to a head on the bridge. NOAA wants an additional $1.5M or so for a similar design for the FRV 30. While I fully appreciate the concern with hull form and prop, I can't see much need for additional design work on the other class, should it even be needed.

[79] It is in fact this difference that enables industry to make a build and charter arrangement work so that the contractor makes money and the government simultaneously saves. To the degree that design " flexibility is eliminated, the opportunity for cost savings and the quality of the deal erode. This is one

To summarize there are, again, a wide range of options, and I by no means am convinced that NOAA's apparent approach -- an internally managed buy oriented to getting a preferred design -- is anywhere near the best.

Finally, there is the issue of who should operate the ships if indeed the government buys them. The Acquisition Manager's 29 Jan 98 letter on buy vs build charter options "made one universal simplifying assumption: the cost of operation between government and contractor would be the same". While I am not sure this is a good assumption, I have already indicated my view that arguments about who's cheaper can go on forever. Even MSC has indicated that it has been hard to capture the costs savings associated with the operations of, e.g., Navy's military oceanographic survey or T-AGOS fleets.

Two points in this regard, however, are clear. First is that NOAA's operations of its current fisheries fleet (or even of its 'star performers') compare very poorly -- for whatever reason or reasons -- with the utilization and efficiency record of every comparison case I can think of. NOAA is promising a vastly improved operating performance with the new FRVs, but one simply has to take on faith that they can do this. Such dramatic improvement is difficult for me to contemplate. Further, when compared to the records routinely achieved by commercial operators in parallel cases (whether the ships be government or commercially owned), even the 270 DAS/year operating tempo they propose is poor. I would argue that a competent operator should easily be able to get well over 300 DAS from the FRVs in the types of operations NMFS performs without any jeopardy to quality or maintenance. **The FRVs should not be procured without a solid guarantee that they will be operated well and efficiently by someone with a proven quality track record.**

The second point, which is equally important, is that a good customer-provider relationship is essential to quality operations. NOAA not only has no experience in contract operations, but is viewed as having an entrenched bureaucracy that has no interest in soliciting commercial (or university) partners[80]. If NOAA did not want to operate the ships under charter but was directed

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reason to argue for having someone other than NOAA acquire the ships. They are, one may argue, 'too close' to the problem. I'm simply stressing that the requirements are good, and NOAA should be satisfied with them - not try to control design.

[80] The recent A76 request for operation of KAIMIMOANA is a case in point. NMFS received no responses. I have talked to a number of people to try to ascertain why. Although they gave a wide range of reasons, a number of concerns were consistent: A76s are historically problematic because they ask for a lot of effort and make no promise of any work (and this, after all, was for a single ship, for an operator with no experience in contract operations). This one came with a short fuse over the Christas season, and asked for data and information that was beyond what is normal even for a real competitive procurement, including some information that was both expensive to develop and competitively valuable. And it was quite clear from conversations that NOAA wasn't doing this because they really wanted to operate the ship commercially; and thus the conclusion was that if someone did manage to win, there was a very low probability of a good partnership with the customer. For one ship, with at the best small margins, even a win could be a loss. At the bottom line industry just didn't believe NOAA was serious, and couldn't be bothered (The response would have been different if, for example, NOAA simply competed commercial operation of its converted T-AGOS vessels like Navy has). I don't know what conclusions NOAA may draw from this experience, but I for one see nothing positive with regard to the possibility that NOAA could or would be able to work effectively with industry. As with my other investigations, I would be pleased to discuss this in more detail should you desire.

to, there is every reason to expect that the contractor would face years of confrontational terror while NOAA's staff tried to make it not work.

During my review I have found that senior NOAA management is serious about really not being prejudiced about how it gets the ship services. Further, I have sensed no unwillingness on the part of any of the FRCs to have the ships operated in any of a wide variety of ways -- albeit many would prefer greater continuity of masters and mates that at present. The offices within NOAA responsible for running the ships, however, have a tremendous stake in continuing to operate the ships themselves. If the objective of the exercise is to satisfy those offices -- rather than to meet the needs of NMFS and the FSCs or of NOAA seagoing as a whole, then fine -- further discussion is useless. But if NOAA is indeed interested in options and efficiency, then again there are many options for operating the vessels, although those options would almost assuredly have to be exercised by an agent truly interested in providing quality service.

There are several options for providing such a quality service. One is to use MSC. MSC has a long and successful history of ship management. They serve a wide range of government, primarily Navy, customers, for an extremely broad set of operations, under many different arrangements. The closest comparisons to NOAA's situation are probably MSC's operation of Navy's military oceanographic and hydrographic survey and T-AGOS fleets. Both of these are operated under MSC contract, and the contractors, MSC, and the operational users all responded positively when I inquired about their satisfaction with costs, efficiency, and quality of service[81]. MSC's overhead on such arrangements are well below 10%. Many companies would be very interested in responding to an MSC RFP for FRV operations. MSC also operates more than a hundred ships with over 3500 civil service mariners, so they offer a choice between government and contract crews.

It is a serious question whether the government needs or can afford two separate organizations -- MSC's and NOAA's -- to run civil service seagoing operations; and if NOAA did decide to use contract operations, it would make no sense that I can see to have two government agencies bidding into the same contractor pool.

This issue is particularly pertinent as NOAA's fleet continues to shrink. NOAA's shore side fleet support organization, as well as its headquarters ship operations offices, could be completely eliminated, with significant cost savings, if NOAA simply relied on MSC. And MSC's operational record, as I understood it from my discussions with them, their contractors, and their customers, fully supports their ability to meet or exceed the FRC 270 DAS requirement. They are an experienced, well qualified government agency that provides ship services as its mission and I can't think of any substantive reason NOAA should not use them, particularly to manage a total envisioned fleet of some half a dozen ships or so including the 4 FRV's I suggest.

UNOLS presents another interesting alternative, for some if not all of the FRVs. In Woods Hole, for example, under current operating procedures both the Oceanographic Institution and NEFSC have to maintain separate dock and shoreside ship suport facilities and services. The two organizations are developing a cooperative agreement. I have argued strongly for greater interactionbetween academic researchers and NMFS for fisheries oceanography; I have also suggested that the R/V KNORR could be modified for trawling, and that the proposed WHOI

[81] There were some start-up problems several years ago during the transition of the oceanographic ships to contract operations. These now seem well in the past.

SWATH be examined for its potential contributions. Having WHOI operate a new FRV could save funds, eliminate shoreside infrastructure, and enhance NMFS capabilities for oceanographic research, all at once. NEFSC personnel had no problems with this suggestion[82].

A similar argument pertains to a second Atlantic FRC, if one is obtained. Even after meeting any additional Northwest Atlantic requirements and replacing OREGON II for the essential Gulf trawl series, this vessel will have time available for significant fisheries oceanography operations. The several oceanographic institutions in the region not only have fisheries research and educational programs, but do not now operate a large vessel within UNOLS. A collaboratitive arrangement between their consortium and NOAA to extend the already existing cooperative programs bwteeen SEFSC, AOML and the University of Miami, again could be an efficient method of operations, improve the quality of research, stimulate student interest, and reduce NOAA's costs by sharing vessel use with NSF and ONR for research of interest to them in the region.

I could make similar arguments for the West Coast, with for example the University of Alaska, University of Washingtion, Scripps Institute of Oceanography, the University of Hawaii, etc etc, and their already existing and planned UNOLS vessels. These types of arrangements would help greatly to integrate the research, and although the University researchers themselves have no interest in monitoring or survey per-se, I believe that UNOLS and the Universities involved would look favorably on supporting NMFS needs for such as a significant element of the ship's operations. Further, such interaction could spark interest in developing academic programs in stock assessment and similar NOAA needs, as recommended by the Ocean Studies Board. They would also bring NOAA into closer routine contact with the scientists and engineers now supported by Navy and NSF, that are developing the acoustic and optical techniques and other advanced oceanographic instrumentation that NMFS will need for improving its traditional tasks and extending its activities for EFH and ecostystem based management procedures. And, like MSC, the UNOLS operators have a track record that would lend confidence to their ability to provide at least the utilization rates that NMFS will need for its new FRVs.

My conclusion regarding acquisition is thus very similar to that for the amount of seagoing activity they need: it really all boils down to a matter of attitude and approach. **There are plenty of options**, very good options from any standpoint - cost, efficiency, improved science and survey, etc etc.. NOAA's staff has not seriously considered them because they want to do it their own way. If NMFS is permitted to proceed in the fashion it obviously wants to, the nation will not, in my opinion, reap the benefit that it could from its investment in new FRVs. Stewardship of the nation's living marine resources would benefit much more from almost any other option than the one they propose. I personally favor a combination of build and charter, and buy and assign to UNOLS. This combination would spread parts of the costs, and provide for a mix of dedicated support for monitoring, and close interaction with oceanographic scientists and engineers in the universities for education, technology development, and fisheries oceanography. It would provide for assured high quality operations and good utilization, and simultaneously yield interesting long term comparisons of cost and operational effectiveness with minimal risk and no sacrifice of quality. But, many other such solutions may work equally well.

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[82] I am a past director of WHOI, and still a member of their corporation. I feel free to raise this suggestion as one of many examples because when I was Director I had extensive discussions with NEFSC management of the time about just such an arrangement for the ALBATROSS and DELAWARE.

Summary. You asked if there are other reasonable options to NOAA's request to purchase 6 new FRVs in consecutive years commencing in FY2000, as replacement for NMFS' obsolescent fleet. My answer is that indeed there are many reasonable options, and that I consider the NMFS proposed approach to be among the least desirable. It would perpetuate practices and attitudes that have not worked well and are, in my opinion, unsuited to effective stewardship of the nation's living marine resources in the way that the law intends. An investment in new infrastructure is unquestionably needed. It is hard to justify, however, in the absence of serious attention to some structural deficiencies that have limited NOAA's and NMFS's ability to meet their mandates.

I believe that the requirements as developed by NOAA for the FRV 40 (and by logical extension the companion requirements for the FRV 30, should two classes really be needed) will yield a world class platform for fisheries research and survey, and that up to four of them could be effectively utilized as the core of the nation's fleet that supports stewardship of living marine resources.

I can not, however, recommend acquiring them in the absence of:

- a **NATIONAL** plan for the use of the FRVs in conjunction with the nation's other oceanographic research and fishing assets;
- a **NATIONAL** plan, developed in conjunction with other sponsors, with academia, and with industry, for the development and fielding of technologies and techniques to improve our fisheries oceanography and monitoring capabilities and optimize the use of FRVs as national assets, and to significantly advance our ability to understand and monitor marine mammals and endangered marine species;
- an externally oriented approach to acquisition and operation of the FRVs that provides for their full, efficient, and effective use in **COLLABORATION** with the other fisheries dependent and fisheries independent seagoing activities needed to address the above national plans; and
- a commitment by NOAA, the Department of Commerce, and OMB to request Congress to provide the **RESOURCES** to support the above, not just to acquire the ships.

If the nation is prepared to spend an additional $300+M over the next decade to improve its stewardship of living marine resources -- then there are many ways in which it could do so much better than to adopt the approach NOAA staff has proposed. Further, approval of what they want, the way the want it, will not achieve what I believe to be the intent of the legal mandates under which NOAA operates.

Craig E. Dorman

cc: Bill Mehuron for NOAA

Appendix attached in hard copy

Dr. BAKER. But we do feel that this is the most cost-effective way to do a job which we do not see being done any other way.

Mr. ROGERS. We would like to see the evaluation.

Well, in summary, as we look at your budget request, you have got a lot of problems. We have got $38 million in fee and rescission gimmicks. We have $205 million in new programs for which authorization is lacking. We have got $52 million per ship acquisition where there appears to be no consensus among the agencies that are overseeing those plans.

So, in total, there is nearly $300 million that is problematic right at the outset here. I do not know how you want to try to remedy those problems. But the time frame is very short.

Dr. BAKER. Yes, sir.

Mr. ROGERS. We have got to have some movement within the next month or so or else it goes out of our hands. So, I think our work is cut out for us.

AWIPS

Now, let us get back to one of our favorite subjects, AWIPS—Advanced Weather Interactive Processing System.

Where are we with respect to the June deployment deadline and the $550 million cap?

Dr. BAKER. We will finish deployment by the end of June under the $550 million cap at the build number. That is the capacity's that we have agreed to build 4.2, that were fully on track with either meeting or exceeding that deadline, doing that early.

Mr. ROGERS. Any hitches?

Dr. BAKER. None. There are no hitches that we currently have and every AWIPS system that has gone in has worked. The system has been very successful and we are pleased with the development there.

Mr. ROGERS. Is the software okay?

Dr. BAKER. Software is okay. And our software upgrades have continued to work.

General KELLY. We certainly have some challenges but we have met the alpha versions. I am Jack Kelly, Director of the National Weather Service. We have alpha versions of the software out in a number of the forecast offices right now of 4.2. So, we have had some challenges but we have met every one of those challenges.

Mr. ROGERS. Under budget?

General KELLY. Within that budget.

Mr. ROGERS. That is the first good answer I have had all day. [Laughter.]

Dr. BAKER. That is why we brought in General Kelly. [Laughter.]

To solve these problems.

Mr. ROGERS. What impact will deployment have on the operation of forecast offices, and on weather prediction from the perspective of someone just watching the evening news?

Dr. BAKER. Well, you have already seen, Mr. Chairman, the improvement in the lead time of tornadoes. The reduction of false alarms, a great improvement in the land fall of hurricanes, for example.

All of this comes because we have a better observing system with NEXRAD, because we have better satellites with our GOES sat-

ellite and because our communication and software system is pulling it altogether. This is a system that works. Every piece of it has worked and we finally got the costs under control with the AWIPS.

So, I think we really have delivered. But what you see on the nightly news is this nice combination of new data, better forecasts, a better basic forecast delivered out to the private sector and then some of these wonderful graphics which they do, and you can see the improvements there directly.

Mr. ROGERS. So, all of the installations will be in place by the deadline?

Dr. BAKER. We will have 119 in place and then there are two more that the Secretary has agreed to. Well, no. As of March 31st we have 119. That is what my note is saying here. This is Jack Kelly, Director of the Weather Service.

General KELLY. We will have the baseline systems in by 30 June. The two new forecast offices, Caribu, Maine and Key West, Florida are above the baseline and will be installed in July.

Dr. BAKER. Those are two additional systems.

Mr. ROGERS. That is absolutely complete.

Mr. GUDES. In terms of the hardware and the actual first 4.2 software.

Dr. BAKER. At that point, we will not have closed all of the offices that we plan to close. Our current plan is to close all of the offices on the schedule by the end of this year. If, in fact, some of those offices are not closed or there is an agreement that we have to have additional offices then, of course, we would not have finished the system. But the system, as designed and planned today, is there.

Mr. ROGERS. Now, that is at Build 4.2.

Dr. BAKER. Yes, sir.

Mr. ROGERS. On Build 5, in the budget, you ask for an increase of $17 million for what is called systems evolution. Apparently the completion date has slipped, though, is that correct?

Dr. BAKER. Yes. Build 5 allows us to, I think, reduce by another 69 people. But I do not know about the slip. Jack Kelly, Director of the Weather Service.

Mr. ROGERS. What is the completion date of Build 5?

General KELLY. We have money proposed in this budget and we will have another $9.5 million we would hope in the 2001 budget. So, we believe it will take us about two years to develop Build 5.

Mr. ROGERS. What is your completion date?

General KELLY. Two years from the start of the next fiscal year.

Mr. ROGERS. So, October of 2001?

Dr. BAKER. By October of 2002.

Mr. ROGERS. Tell us what Build 5 will do for us?

General KELLY. It will do a number of things. Number one, it will bring on some software that has already been tested which will further improve our accuracy to detect tornadoes and severe thunderstorms. And further lengthening the lead time of the tornadoes and severe thunderstorms. And also we do something that we call false alarm rate which is frankly the number of times a day something is going to happen and it does not happen. So, our forecasts will be more accurate.

It will give us the ability to control a number of radars. A simple forecaster can control a number of radars and there is a certain

amount of manpower savings associated with that, about 69 manpower spaces.

Mr. ROGERS. And what will be the estimated total cost of development?

General KELLY. That will be $25 million.

Mr. ROGERS. How necessary is it if we move forward quickly with that upgrade?

General KELLY. In my opinion it is important that we move as quickly as we can. Number one, it will improve the accuracy and lead times on the most severe forms of weather which cause our citizens to have their lives and property to get damaged in the severe thunderstorms and the tornadoes.

It would be good to save our manpower spaces.

Mr. GUDES. And I think the other issue, Mr. Chairman, is the actual people that we have building the software, the team we have together, both private sector, the NOAA laboratories, in both our office of Oceanic and Atmospheric Research and the Weather Service. We have that team together and we need to move to building the next set of software and it will be difficult to re-put that team together.

Mr. ROGERS. But when the 4.2 is in place, we can then declare that AWIPS is a success, because Build 5 is an enhanced capability, is that generally correct?

Mr. GUDES. Build 5 was in the initial specs of what the functionality of the system was to do. Build 4.2 allows us to transfer from AFOS and I guess to use a department of Defense term, initial operational capability for the system.

I think that is probably an accurate way to describe it.

Mr. ROGERS. But when 4.2 is working, we can shut the old systems down, can we not?

Mr. GUDES. AFOS, yes, sir, that is right.

Mr. ROGERS. Now, is Build 5 the last major upgrade that is being planned at this point?

General KELLY. Again, not to get into a question of semantics, but I do not know how to define the next to last major upgrade. One certainly listens to our users and attempts to put it in place systems to satisfy the requirements that they state. The science community continually develops new and better methods to forecast weather.

AWIPS will be the platform that we will attempt to use that new technology so would we call that major? Certainly we are not talking about another $550 million program. But are we talking about small dollars to certain technology? We will always try to improve the services of the Weather Service.

Mr. ROGERS. Well, I think we can all celebrate when 4.2 goes on line.

We have been waiting patiently, expensively waiting.

General KELLY. That makes two of us.

SATELLITES

Mr. ROGERS. Now, I want to talk about satellites. You are asking $4.3 million this coming year and $18 million overall for a new satellite project. I think you call it ACE Follow-on GEOSTORM?

Dr. BAKER. Yes, sir.

Mr. ROGERS. And you are asking for a $30 million increase for the Polar Convergence Program, a system that will eventually cost over $3 billion. And you are asking for continued funding for the current Polar and geostationary weather satellites. The overall budget request for these systems amounts to over $550 million.

First, tell us about the new satellite project. What the need for it is, what the schedule is, why you need it, and the actual deployment schedule?

Dr. BAKER. Yes, sir.

This satellite is a joint effort between NOAA, the Air Force and NASA to provide warnings of solar outbursts, outbursts of geomagnetic particles from the sun. They can have major disruptive impacts on the energy grid in the United States. We currently have a satellite at a million miles from the earth where we pay a relatively small amount of money to make sure that the data is continuous.

And this gives us a one-hour warning of such solar outbursts. A new program proposed is a satellite positioned two million miles from earth and it provides a two-hour warning for these solar outbursts.

Every 11 years there is a major increase in the number of solar storms or sun spots and the last time we had this was in 1989. There was a major power outage, several billion dollar impact in Canada. We can expect the same thing to happen during the year 2000 because we have another solar cycle with a maximum of solar storms. We have the system out there now at one million miles giving us a one-hour warning.

This system is designed to give us a two-hour warning and as I say it is jointly sponsored by Air Force and NASA who also need this information both for astronauts and for communication satellites.

Mr. ROGERS. So, are you sharing it in thirds?

Dr. BAKER. No, the cost for the first Geostorm Satellite will be 25% from both NOAA and USAF and 50% from NASA.

Mr. ROGERS. And what kind of time table are you on for that?

Dr. BAKER. This, I believe, is like 2002, which is when this satellite would actually be flown.

Mr. ROGERS. Now, for the Polar Convergence Program the schedule has slipped, I think, at least a year to 2009, if I am not mistaken.

Dr. BAKER. We have adjusted the schedule to fit the lifetime of the satellites. We have done this, I hope, in very close consultation with the staff here and the staff at OMB and together our two agencies, Air Force and NOAA, so, that we are providing a cost-effective program with, I believe, first satellite availability in 2008, at this point.

This, as you know, is a joint program that replaces the current older satellite program which involves 4 satellites. We are now going to 2 satellites instead of 4, with the set of instruments being flown by the Europeans. So, we think we have found a cost-effective way of replacing a very expensive system. It is expensive. I do not deny that. But it is a lot cheaper than what had been originally planned until we came in and did this convergence program.

And we have tried to stay very much on top of the costs so that as we see satellites' lifetime growing, we have been able to adjust those costs and come in with what I think is the proper cost for this program.

Mr. ROGERS. I am told the launch would be 2009?

Mr. BAKER. Well, the availability, the first availability is 2008. And then if necessary we would launch in 2009. This is an operational system. You never know when a satellite is going to die. You have to have one available. We try not to make it available too soon, but I cannot give you an exact time and exactly when you would fly it because if the satellites are working fine we are going to hold that on the ground until we need to do it.

But we try to adjust that to make the best cost-effective system.

Mr. ROGERS. But the development costs request is up by $30 million over the current year's level, correct?

Dr. BAKER. That is the current funding profile that we have as we move into the mode of starting to build the satellites, we have to start spending more money.

Mr. ROGERS. What is the minimum level of funding that would be required to keep development on the time frame that you have articulated?

Dr. BAKER. This is the minimum. This is a number that we have very carefully vetted throughout the system. The only reason that one changes this number, as we have changed in the past, is the assessment of risk in the system for the length of life of the time of the satellites flying.

We try to incorporate that into exactly what we should build and when we should build it. Remember, with an operational system, if a satellite dies, we must fly a replacement satellite, otherwise, there is no weather information.

And, so, we are driven by that and we have to balance those two things. We have some very elaborate mathematical models that the Air Force has developed over the years for operational systems. We use those to make that decision.

OPERATIONAL SYSTEMS PRIORITY

Mr. ROGERS. Now, we need you to give us your priorities with respect to the funding for the ongoing weather satellites versus increased funding for Polar Convergence versus funding for the new GEOSTORM System, in case we can't find all the money you would like.

Dr. BAKER. Well, certainly, we will always put the priority for the existing operational system and its continuation will always be the highest priority for us because that is our central responsibility I think.

Mr. ROGERS. What would come next?

Dr. BAKER. What?

Mr. ROGERS. What would come next?

Dr. BAKER. Then new things.

Mr. ROGERS. Which ones?

Dr. BAKER. The GEOSTORMS, for example, would come after that.

Mr. ROGERS. And then Polar Convergence?

Dr. BAKER. No. Well, we have to have the current system and the Polar Convergence because if we do not pay for those satellites today, they will not be ready in 2008. So this is a critical piece of our budget, and I will always put it right up at the top of our priorities, regardless of other programs.

Mr. ROGERS. So you would chuck everything else to get these three things.

Dr. BAKER. We have always said that providing the basic operational services of NOAA is our highest priority. Completing modernization of the Weather Service and base funding for Weather Service, and satellites that are necessary for the Weather Service are always at the top of our priority list.

Mr. ROGERS. Well, I sympathize with you somewhat because these satellites costs, I know, are subject to change, and things are out of your control, but we would like to be kept informed of the cost estimates, as we go along, so we can make our plans as well. So can you help us keep up with it?

Dr. BAKER. We can do it.

PACIFIC COASTAL SALMON RECOVERY

Mr. ROGERS. On the proposal to create a new $100-million Pacific Coastal Salmon Fund, let me ask you a few basic questions and try to flesh out some of the very sketchy information that is in the budget request. What is the level of funding provided for all salmon programs in the current year budget?

Dr. BAKER. I am going to just check to see if we have a number for that for NOAA or for the Federal Government.

[Pause.]

Dr. BAKER. Currently, Mr. Chairman, in NOAA, we are spending about $147 million on salmon, and we spend $373 million on all other fisheries in our Fisheries Service. That is the breakout for the 2000 budget.

Mr. ROGERS. No, I am talking about 1999, for this current year.

Mr. BAKER. The 1999 number would be $100 million less, roughly. Do we have the 1999 number? We do not have the 1999 number. We will provide that for you.

Mr. ROGERS. Provide that for us. I think it is in the $40- to $50 million range.

Dr. BAKER. That would be approximately right, I think.

[CLERK'S NOTE.—Subsequent to the hearing, the following information was provided:]

Response: In FY 1999 NOAA will spend a total of $69.6 million on salmon-related activities in Alaska, along the West Coast, and in New England. These activities include efforts to conserve and recover candidate and listed species under the Endangered Species Act (Table 1), and fisheries conservation and management activities (Table 2). Proposed FY 2000 total salmon spending is $181.3 million.

Table 1. Funding for Recovery Efforts under the Endangered Species Act for Atlantic and Pacific Salmon, FY 1994 - 2000 Proposed ($ in Millions)

NMFS Budget Line	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
Resource Information	0.09	0.09	1.00	2.20	1.00		
Atlantic salmon research	0.71	0.71	0.71	0.71	0.71	0.71	0.71
Winter run chinook salmon[1]	0.25						
Fisheries Management Programs							
Atlantic salmon recovery plan					0.45	0.45	0.45
State of Maine recovery plan					0.15	0.15	0.15
Columbia River Endangered Species Studies	0.29	0.29	0.29	0.29	0.29	0.29	0.29
Protected Species Management			0.86	0.99	0.84	0.84	0.65
ESA listing and status review[2]	0.69	0.65					
ESA recovery plan		4.00	10.00	10.50	15.70	21.95	46.63
Habitat Conservation					0.50	0.50	0.50
Enforcement and Surveillance							0.35
Subtotal ORF	2.03	5.36	12.86	14.69	19.64	24.89[4]	49.73[3]
West Coast Subtotal	1.32	4.74	11.85	13.54	18.04	23.04	46.87
Alaska Subtotal	0	0	0.09	0.10	0.10	0.35	0.45
Atlantic Subtotal	0.71	0.71	0.92	1.05	1.50	1.50	2.41
Pacific Coastal Salmon Recovery Fund							100.0[6]

[1] PPA funding ended after FY 1994

[2] ESA listings and status reviews PPA rolled into Protected Species Management beginning FY 1996

[3] FY 2000 breakout is $44.53 million west coast, $1.1 million Atlantic salmon, $1.0 million Alaska

[4] A summary of NOAA's FY 1999 actions to recovery west coast salmon is attached

[5] NOAA's proposed FY 2000 funding for salmon recovery program (Pacific and Atlantic) is attached.

[6] Grants to be provided directly to the states (California, Oregon, Washington, and Alaska), Senate mark $75 million west coast and $25 million Alaska

Table 2. Funding for Fisheries Conservation and Management Activities Related to Salmon ($ in Millions)[7]		
Information Collection and Analysis	**FY 99**	**FY 00**
Base Resource Information Programs	5.60	5.60[8]
Yukon River Chinook Salmon	0.70	0.70
Pacific Salmon Treaty Program	7.44	7.44[9]
Conservation and Management Operations		
Base Fisheries Management Programs	0.30	0.30[10]
Base Habitat Conservation Programs	0.88	0.88
Columbia River Hatcheries	13.60	14.27[11]
Transboundary River Salmon Program	0.40	0.40
Protected Species Management	2.76	2.76[12]
State and Industry Assistance Programs		
Anadromous Fish Conservation Act Grants	1.55	1.50[13]
Bristol Bay disaster Research Program	7.00	0.00
NOAA Facilities		
Columbia River Facilities	4.47	0.00[14]
West Coast Subtotal	**27.45**	**23.60**
Alaska Subtotal	**17.25**	**10.25**
Total Table 2	**44.70**	**33.85**
Grand Total (Tables 1 & 2)	**69.59**	**181.33**

[7] Costs for Tiburon laboratory are spread throughout the table.

[8] Both FY 99 and FY 00 include $4.1 million for Auke Bay laboratory

[9] $4.39 million West Coast

[10] Both FY 99 and FY 00 include $0.2 million for Sand Point, and $0.1 million for Long Beach.

[11] Within the $14.27 million requested for Columbia River hatcheries in FY 2000, $10.3 million is requested for hatchery operations and $3.97 million is requested for Columbia River facilities.

[12] Both FY 99 and FY 00 include $2.0 million for Auke Bay laboratory, $0.6 million for Sand Point and $0.16 million for Long Beach

[13] Estimate only, funds are dispersed based on a competitive grant program.

[14] For FY 2000, funding of $3.97 million for Columbia River facilities is included within the $14.27 million request for Columbia River hatcheries. See note 5 also.

Mr. ROGERS. And what is the level of funding provided for all salmon programs provided throughout the Federal Government for the current fiscal year, 1999?

Dr. BAKER. We can provide that number for you. I think it is—I have to be careful about not giving an incorrect number—but it is at least half a billion dollars. We will provide that for you, Mr. Chairman, right away.

[CLERK'S NOTE.—Subsequent to the hearing, the following information was provided:]

Response. At present, NOAA spends $69,590,000 on salmon in FY 1999 and proposes to spend $181,330,000 in FY 2000. We are also aware of estimates by the U.S. Fish and Wildlife Service in its annual report to Congress on ESA only-related expenditures. For FY 1995 the amount of total Federal funding for ESA-listed slamon was $118,626,170. For FY 1996, draft findings total $113,431,100. NOAA will work with the Office of Management and Budget to compile a consolidated amount. For example NOAA is aware that efforts of the Department of Agriculture, the Interior, the Environmental Protection Agency and Corps of Engineers affect and promote salmon recovery.

Mr. ROGERS. See, that is my point. No one knows what we are spending on salmon throughout the Government. There is no coordination of Governmentwide programs for coastal salmon runs and for the Columbia River Basin, I do not think, is there? If you do not know, nobody knows in NOAA.

Now, you are also requesting an additional $23 million under the Endangered Species Program to, among other things, hire over 120 additional personnel for NOAA's Northwest Fisheries Office to handle the workload that will come from NOAA being a participant in just about any development project in that region that will now impact watersheds throughout the Northwest. Is that the full requirement of additional personnel that would be required by the salmon listings or is that just the first installment?

Dr. BAKER. Mr. Chairman, I think the experts who have looked at this, and there are many, cannot give you an answer to that question at the moment. As you know, we are spending a lot of money on salmon. We are getting very desperate requests from states, including the four states that we have listed here. There are other states that have endangered species of salmon. We know that to restore the salmon requires study of the habitats and the commercial fishery, recreational fishery, all of the different aspects that are involved. This could well be just a down payment on a larger program, and I think it is something that we all have to recognize and somehow come to grips with. It is a difficult problem.

Mr. ROGERS. Is this something that you requested of OMB, this $100 million?

Dr. BAKER. I am just trying to think of the chain here. We have continually requested of OMB additional funding to address salmon issues. We were approached by the states who said that they needed on the order of $300 million and we were able to come up, working with the administration, a number that was $100 million.

Mr. ROGERS. Well, but you requested zero. You had a zero request in to OMB for Pacific Coastal Salmon Recovery.

Dr. BAKER. In our original budget submission, yes, that is right. That is correct. Yes.

Mr. ROGERS. And it was added by OMB.

Dr. BAKER. Yes, but it was not added by OMB in opposition to something that we wanted to do. I think our view has always been you need to do more here. So this is something that—it was certainly not without our blessing. Let me put it that way.

Mr. ROGERS. It must not be too important to you then.

Dr. BAKER. Well——

Mr. ROGERS. You did not ask for it.

Dr. BAKER. Sometimes things are important, but we think politically it is not going to happen with our interactions with the administration. I think the salmon problem is a particularly difficult one.

Mr. ROGERS. Give me a break. You did not ask for it. It is not important to you. It was added by the OMB. That is a simple answer, yes or no?

Dr. BAKER. I do not think I would say that, and I do not like to disagree with you, Mr. Chairman. But in this case, we all recognize that the salmon problem is a huge problem. It needs to be addressed. It is important appropriations, and when the administration said they felt that they could come up with additional funding, we supported that point of view. Sometimes OMB takes away or adds things that we do not think are appropriate. But in this case, we did not think this was an inappropriate thing to do. And had we thought that there was an opportunity to add $100 million to our budget for salmon, we would have put it in, in the first place.

Mr. ROGERS. Well, should we take the $100 million for salmon out of the Geostorm Satellite Program, do you think?

Dr. BAKER. As I said, we are certainly willing to talk to you about priorities and how we work the budget. But this is a very important topic.

Mr. ROGERS. General Kelly, is that okay? [Laughter.]

General KELLY. If it is okay with him.

Mr. ROGERS. If it is okay with you. If you give the okay, we are in business here. [Laughter.]

General KELLY. I have to defer to my boss.

COASTAL SALMON RECOVERY PLAN

Mr. ROGERS. Is there an overall recovery plan in place for coastal salmon?

Dr. BAKER. We have a recovery plan which is a plan in progress. This is something that we work on continually.

Mr. ROGERS. I will take that as a no.

Dr. BAKER. Well, I think it is wrong to say there is no plan. We have been working on recovery efforts for a long time, and we have the pieces of a plan in place.

Mr. ROGERS. I am going to ask you——

Dr. BAKER. Whether that plan will recover the salmon, I cannot answer.

Mr. ROGERS. I am going to ask you what I asked the Census director. Where is your plan? Let me see your plan.

Dr. BAKER. Well, we can lay a plan on the table for salmon recovery.

Mr. ROGERS. Where is it?

Dr. BAKER. Well, we have that. It is what we are working to between NOAA, and the states and the Department of Interior. We

are working on all of the different areas, and we can show you that plan. We have that plan.

Mr. ROGERS. I would like to see it.

Dr. BAKER. We can provide it.

[The information follows:]

PACIFIC COASTAL SALMON RECOVERY FUND PLAN
March 11, 1999

The President's FY2000 budget proposes a $100 million initiative to assist the states of California, Oregon, Washington and Alaska in the conservation of Pacific coastal salmon runs. This proposal responds to current and proposed listings of coastal salmon and steelhead runs under the Endangered Species Act by forming lasting partnerships with states, local and tribal governments and the public for saving Pacific salmon and their important habitats.

Active and constructive discussions are underway among the four governors, the affected tribes and the Administration on the details of the funding distribution and the terms of eligibility. As those discussions progress, further details will no doubt be forthcoming that will supplement the fundamentals described below.

Background

West coast salmon populations have declined markedly from historical levels due to the combined effects of hydropower operations, habitat destruction, ocean harvest, hatchery-fish impacts, and poor land-use, transportation and water-resource decisions. The first ESA listing of a salmon run occurred in 1990, and over the last several years the number of listed runs and acreage of associated protected habitat areas have grown dramatically. Recovery and conservation of these ESA listed salmonid populations and their habitats will require participation and cooperation at the local level. A primary goal of salmon conservation is the restoration of healthy populations of naturally spawning wild salmon populations and the habitats upon which they depend across a wide range of environmental conditions which will provide harvestable surpluses to support treaty and non-treaty fishing opportunities consistent will existing law.

The Pacific Coastal Salmon Recovery fund will assist state, tribal and local conservation initiatives. This new fund will supplement existing and proposed Federal programs and will promote the development of Federal-state-tribal-local partnerships in recovery efforts which will promote efficiencies and effectiveness in the recovery effort through enhanced sharing and pooling of capabilities, expertise and information.

The President's initiative is based on several principles:

- Pacific coastal salmon must be restored; extinction is not an option.

- Good science must continue to be the basis for decisions and restoration planning and implementation.

- Strong partnerships with states, counties, tribes, and the private sector in California, Oregon, Washington and Alaska are essential to developing lasting, homegrown solutions.

- Treaty responsibilities to the tribes and international obligations to rebuild stocks and restore harvestable surpluses of salmon must be met.

- Protecting the environment and the growing economies of the Pacific Northwest, California and Alaska must go hand-in-hand as we work to rebuild salmon runs and their habitat.

- Accountability must be an integral part of the initiative to ensure that funds are well spent, targeted to salmon recovery and reflect good science. Accountability must include the ability to monitor and evaluate projects and activities.

In addition to the creation of the $100 million fund, the Administration is working with the states and tribes to improve coordination of Federal programs and activities that directly or indirectly affect salmon and their habitats to ensure that Federal resources are part of a lasting solution to the salmon problem. The Initiative also will contain an important science component through which it will seek to marshal and make available to state, local and tribal governments the extensive Federal scientific capabilities for building a broad and solid science foundation upon which to construct a lasting recovery effort.

FREQUENTLY ASKED QUESTIONS AND ANSWERS

Why a new program:

Q. Why would the Federal government propose a new program like this?

A. Successful salmon recovery efforts must be developed locally and regionally through state, local, tribal, and private conservation efforts. This initiative will provide financial support for those efforts.

Q. Is this a multi year commitment?

A. Yes. The Administration's proposal includes multi year funding for planning purposes only. The question of whether this funding should be extended for additional years will be evaluated in the context of the first year's performance and the degree to which the funds are demonstrated to be used effectively for the purposes for which they are appropriated.

Distribution of funds:

Q. How will the funds be allocated? Will the money be provided to the states as block grants for distribution to state and local agencies, or will local agencies be applying directly to NMFS for funds?

A. These funds will be available for distribution to the Governors of the four states of California, Oregon, Washington and Alaska on an equitable basis. Coastal tribes would also be eligible for up to ten percent of the total appropriation for the fund, to be made available to appropriate coastal tribal fishery agencies or to individual coastal tribes in Oregon or California. The funding will be provided as single grants to each state, but will be based on a grant proposal that describes the state/local activities and projects to be undertaken with Federal and state funding.

Q. What would the mechanics of the fund be?

A. The fund would be established under existing authorities by the Secretary of Commerce and made available through memoranda of agreements with the Governors of each of the four states and tribal fishery agencies for distribution to assist state, local and tribal conservation efforts. The Secretary, in consultation with the Administration's Pacific Salmon Task Force, will establish terms and conditions for the effective use of the funds. the Secretary will also establish specific reporting requirements and other measures to ensure full accountability of the available funds to meet the purposes of the Fund.

Cost-sharing:

Q. What would state and local cost-share be?

A. An important part of building the partnership is to require that federal funds be matched dollar-for-dollar with state or local contributions.

Tribal participation:

Q. A portion of the fund, not to exceed 10 percent, will be reserved to help the Tribes. Will the Tribes be required to provide matching funds?

A. No. The Tribes will not be required to provide either cash matching funds or in-kind contributions in order to receive Federal assistance. Coastal tribes will be eligible for up to ten percent of the fund, to be made available to appropriate coastal tribal fishery agencies or to individual coastal tribes in Oregon or California. These funds would be available for building the capacity necessary for coastal tribes to participate in the salmon conservation

partnerships that are so important for the success of these initiatives. The coastal tribes will stand on equal footing with other applicants for project funding.

Terms and conditions:

Q. How long will it take NOAA to develop the terms and conditions for the use of the funds?

A. The development of terms and conditions for the use of the Pacific Coastal Salmon Recovery Fund is a collaborative process with the Administration, the west coast states and the tribes. The process has already started, and there is commitment between the parties to reach agreement as-soon-as possible to facilitate funding salmon restoration projects.

These terms and conditions would detail how funds would be provided, for what purpose and guidance on what is acceptable state matching assistance.

Q. What governance structure will be created for the fund? Isn't this just creating another bureaucracy?

A. The Governor of each participating state or the designated individual for each participating tribal organization shall be directly responsible for ensuring that the terms and conditions of the Pacific Coastal Salmon Recovery fund are adhered to in relation to expenditures from the fund within the state or tribal organization.

As reflected in agreements with the Secretary of Commerce, the Governors and responsible individuals shall ensure that appropriate systems of monitoring and accountability are implemented to ensure that the expenditures from the Pacific Coastal Salmon Recovery fund are consistent with the purposes, terms and conditions established for the fund and eligible projects and activities. These systems of accountability shall include, at a minimum, an annual report from each state and participating tribal authority to the Secretary of Commerce on expenditures and activities undertaken by that state or tribal authority with fund related financial support. Such report shall include among other things:

a. The results of an independent fiscal audit conducted on behalf of the state and tribal authority governing the uses of the fund; and

b. The results of an independent science review of the program and activities funded by the fund by the state-level independent science review boards established by such state to oversee state salmon conservation efforts.

Standards and Accountability:

Q. What systems of accountability will be applied to use of these funds?

A. The Administration is proposing strong standards of eligibility and systems of accountability to ensure that funds are dedicated to on-the-ground activities that will benefit salmon. Effective systems of accountability will ensure that Congress and the people of the local communities know for what purposes the dollars are being spent and whether those spending decisions are grounded in good science and reflect sensible priorities for rebuilding depleted runs and their habitat.

The Administration will ensure that activities funded under the Pacific Coastal Salmon Recovery fund:

a. Are consistent with the conservation of Pacific salmon and their habitat and the requirements of Federal law;

b. Contain specific standards, measurable criteria, clear commitments and timelines;

c. Are consistent with the best available science;

d. Provide for a clear assignment of responsibility to a specific individual or authority;

e. Provide compliance and effectiveness monitoring requirements as appropriate;

f. Provide reporting requirements to the State responsible authority as appropriate; and

g. Provide for tribal participation as appropriate.

The Secretary of Commerce shall also enlist the National Research Council of the National Academy of Sciences to conduct an independent scientific review of expenditures by state or tribal authorities from the fund and provide its assessment of the degree to which such expenditures reflect the scientific underpinnings embodied in the purposes of the fund and that projects and activities reflect the best available science associated with Pacific salmon conservation.

Use of the funds:

Q. What could the funds be used for?

A. Salmon habitat conservation; watershed assessments; science and research activities directly related to salmon conservation; monitoring and evaluation activities; public education; tribal capacity and infrastructure support; and other efforts directly related to salmon conservation.

Q. Isn't this just a slush fund for the states?

A. Funding from the fund shall not be used to offset or defray the costs of state or local agency staffing. Administrative overhead deductions from Federal authorities shall be limited to two percent, and limits for state or local authorities to no more than four percent of available Federal funding are under discussion with the states. Funding shall also not be available to simply backfill on other pre-existing commitments or obligations.

The Columbia Basin:

Q. Is the use of these funds restricted to coastal salmon runs only?

A. Yes. The focus of recovery efforts excludes the interior upper Columbia/Snake River basin where other interagency efforts are already underway. Nonetheless, states will be expected to coordinate these recovery efforts with existing programs in the Columbia/Snake River basin and with CalFED in the California central valley.

Interagency coordination:

Q. The White House press release on this initiative talks about strengthening coordination among Federal agencies. Does OMB currently prepare a crosscut budget of salmon spending, either for coastal salmon runs or for the Columbia River basin?

A. Coordination of federal efforts to restore coastal salmon is an important component of this new Federal effort and is necessary to ensure that the Federal resources are part of a lasting solution to salmon restoration. The first step in this coordination effort is the preparation of a comprehensive inventory of Federal programs for use by states, local governments and tribes so that they can leverage the resources devoted to salmon restoration. This inventory will help ensure a cooperative and sustainable effort to protect and restore salmon along the Pacific coast. A review of programs that directly and indirectly affect salmon resources, including expenditures, will be considered by the interagency Pacific Salmon Task Force.

The Science Initiative:

Q. What is the purpose of the science initiative which has also been referenced?

A. The Federal science agencies have through the years developed enormous and unique assets and capabilities in the science arena that can, and should be deployed to save salmon. The science initiative will harness existing science efforts relevant to salmon conservation through an integrated interagency effort to accelerate the development of salmon conservation biology, risk assessment capabilities, monitoring systems and the like in order to support federal, state, tribal, and private salmon restoration efforts coastwide.

Other salmon funding:

Q. Does the budget include other salmon related programs?

A. The President's Lands Legacy Initiative proposes to commit $1 billion in FY2000 to expand Federal protection of critical lands, help states and communities create and preserve green space, and strengthen protection for oceans and coasts. These funds would be used for state and federal acquisition of land for stream buffers, parks and refuges, and to protect threatened and endangered species, including coastal salmon. Increased funding for national marine sanctuaries, national estuaries and coastal zone management programs will help protect critical ocean and coastal habitat.

The Vice President's Livability Agenda will provide funds for communities to preserve green space, pursue "smart growth" strategies and create Better American Bonds. These bonds could be used to help protect water quality, clean up brownfields, and preserve and enhance green space, including creating urban parks and protecting threatened farmland and wetlands. This initiative will allow communities in areas where land use practices affect threatened and endangered salmon to invest in their local environment, increasing quality of life, improving the region's economic well-being, and ensuring that salmon retain their commercial and cultural importance to the region.

The President's budget also proposes a $25 million increase for NOAA/NMFS to develop and implement, in consultation with stakeholders, tribes and other Federal agencies, conservation plans and initiatives for coastal salmon recovery.

The budget also includes continued funding for programs that will aid in recovery efforts such as:

- $75 million in ecosystem restoration in the California Bay-Delta, as part of the continuing effort in the Sacramento and San Joaquin River systems, important salmon habitat;

- $12 million in FY2000 (plus $71 million in outyears through advance appropriations) to fully restore Washington State's Elwha River ecosystem and fisheries by removing two aging dams. There is broad consensus in the community and the region that the removal of the Glines and Elwha dams will lead to restoration of these important runs.

Mr. ROGERS. Now, will you provide for us a list of the projects that will be funded by that program?

Dr. BAKER. At the moment, you are talking about the $100 million program.

Mr. ROGERS. Yes.

Dr. BAKER. The states have asked us to work with them to develop such a list. We do not yet have such a list of projects. We can only give you candidate projects because the states have said they would like to identify what specifically needs to be done working with us. But this was something that came up as a——

Mr. ROGERS. Well, that is very nice of the states. But before we appropriate the monies, I think we have the obligation to satisfy our constituents that the money that would be spent will be spent in the most appropriate way, not the states. If the states want to do something, they can spend their money. This is Federal money we are talking about. And before we appropriate any monies, we have got to see the plan. We have got to see the projects. We have got to know where it is going, and if that is the most appropriate way to go. Because we have got to pick and choose. We are out of money, big time.

Is this a one-year program or an ongoing thing?

Dr. BAKER. The current plan is that this would be an ongoing program.

Mr. ROGERS. How much of the funds would each state get then and Indian tribes?

Dr. BAKER. I think the current plan is that it would be split equally among the states, the four states that are involved. Let me just check to make sure that is correct.

It would be split 50/50 with the tribes? No. A portion goes to the native tribes, and the rest is split equally among the four states.

Mr. ROGERS. How much is going to the Indian tribes?

Dr. BAKER. What is the proportion?

It is 10 percent is the current estimate.

Mr. ROGERS. The current estimate?

Dr. BAKER. Yes. I think that is the best I can say about what I can hear back here.

Mr. ROGERS. I do not think there is much of a plan here, in spite of what you say.

Well, that is another $100 million we have got a problem with. So that leaves us with $98.35. What do you think? [Laughter.]

BUYOUT PROGRAMS

And, finally, let me ask you about the New England Scallop buyout: $8.32 million for a buyout of the New England Scallop Fishery; 20 percent funded by a direct Federal contribution and 80 percent by guaranteed loans to be repaid by the industry.

The Magnuson-Stevens Act clearly contemplates buyout programs that are either fully funded by industry or else fully funded on a guaranteed basis with the Federal Government liable for a very small subsidy amount to cover any loss the program might encounter. This is the first that I am aware of, where the Federal funds are being used for this purpose.

Is there any reason why any future buyout proposal should not be financed either entirely by industry or on a guaranteed basis without the need for a large direct Federal contribution?

Dr. BAKER. Let me ask the Fisheries Director.

[Pause.]

Dr. BAKER. The initial answer was that we have done a number of buyouts already that were fully-funded.

Mr. ROGERS. By industry.

Dr. BAKER. No, by the Federal Government. We have done that already.

Mr. ROGERS. Well, on an emergency——

Dr. BAKER. And this is an attempt to move down.

Mr. ROGERS. On an emergency basis, yes.

Dr. BAKER. Yes, but we did it. And this is an attempt to move to a lower amount. Most of this is the Federally guaranteed loans, and then there is a smaller part that is the direct Federal funding.

Mr. ROGERS. Why can we not go to a fully guaranteed basis?

Dr. BAKER. Let me just ask if that is our direction that we would like to go?

This is the Director of Fisheries, Penny Dalton.

Ms. DALTON. The model that was used was the American Fisheries Act, and it provided for the same ratio. There is a 20-percent Federal funding for it and 80-percent industry funded for the loan guarantees.

Mr. ROGERS. Well, that is the Alaska pollack buyout. That is the only one that I am aware of.

Ms. DALTON. That they used this ratio of 20 to 80, yes. All of the other ones have been fully-Federally funded.

Mr. ROGERS. On a disaster, those were disasters, correct?

Ms. DALTON. Commercial fisheries failures.

Mr. ROGERS. What I am saying scallops are getting a disaster loan. So this is the, except for the Alaska pollack fishery buyout, which was this year, this is the only one, other than disaster buyouts, correct?

Dr. BAKER. That is correct.

Mr. ROGERS. Mr. Serrano?

Mr. SERRANO. We are running out of time. We have two minutes on the vote.

Mr. ROGERS. Thank you very much, Dr. Baker.

Mr. SERRANO. If I may, Mr. Chairman, for just a second.

If I could get you to get back to us, I am very curious about the whole satellite issue, how that works. You have one a million miles out. You want to put another one two million miles out. Dumb question: Why can you not move the one that is up there, somewhere else? [Laughter.]

[CLERK'S NOTE.—Subsequent to the hearing, the following information was provided:]

Currently, the Advanced Composition Explorer (ACE) satellite is in orbit one million miles out between the Earth and Sun, which is the farthest possible using conventional propulsion systems. ACE provides a 1 hour advance warning of severe solar activity to utilities, telecommunications, and other customers. The present ACE system has been in place since August 1997 and has a goal life span of 5 years (1997–2002) which is when GEOSTORM would launch.

NOAA customers have become reliant on this unique data stream, and have demanded that NOAA make an ACE follow-on system our number one space weather

priority. The requested GEOSTORM program is a follow-on to the aging ACE and will use a new propulsion system to allow it to reach an orbit twice as far from Earth, thereby doubling the warning lead-time.

Mr. SERRANO. So let me know about that. If you want to help out with the Clean Water Initiative that the administration has in place, what role would you play in that?

[CLERK'S NOTE.—Subsequent to the hearing, the following information was provided:]

NOAA'S CLEAN WATER INITIATIVE

OCEAN 2000

$22 Million in FY 2000

NOAA's FY 2000 $22 million request, an increase of $5.8 million in new funding, will provide the financial assistance necessary for coastal states to develop and implement programs to control polluted runoff from agricultural areas, city streets, and other sources. This funding will also support the research and monitoring essential to finding the sources and solutions to the spread of harmful algal blooms, such as Pfiesteria, often associated with polluted coastal waters. NOAA's Clean Water Initiative is a modest investment to help restore and protect our valuable coastal waters that support billions of dollars of economic activity every year through tourism, recreation and commercial fishing.

Control of harmful algal blooms—$9.0 million

Polluted runoff often carries large amounts of nutrients that can contaminate coastal waters. Harmful algal blooms (HAB's) are often associated with high levels of nutrient pollution. This funding, an increase of $1.8 million under this initiative, will allow NOAA and its academic partners to continue to be leaders in the research, monitoring, and assessment of HAB's to better predict and prevent HAB events. The requested funds will support partnership efforts that include: interagency cooperation through the ECOHAB research programs to develop models for forecasting the development and impacts of HABs; strengthening NOAA-state partnerships for improving HAB monitoring and assessment capabilities; development of capabilities to assist states in responding quickly to HAB events; and research on the linkages of coastal euthrophication, HABs, and hypoxia/anoxia to nutrient loads in coastal ecosystems.

State parternships to reduce polluted runoff—$12.0 million

$12 million in FY 2000, an increase of $4 million, will provide coastal states with funding to fully develop and implement their Coastal Nonpoint Pollution Control Programs. This will significantly improve their ability to manage polluted runoff and reduce coastal water pollution. NOAA administers the Coastal Nonpoint Pollution Control Program in partnership with states that have approved Coastal Zone Management (CZM) programs. The requested funds will support State efforts to reduce polluted runoff, as follows: $6 million, an increase of $2 million from FY 1999, for grants to CZM states for development of coastal runoff control programs. By FY 1999, twenty-nine CZM states will have approved Coastal Nonpoint Control Programs, though certain portions of these programs need further development. In addition, four states that have either recently or will soon join the Coastal Zone Management program (Texas, Georgia, Ohio, Minnesota) need resources to fully develop approvable Coastal Nonpoint Programs. $6 million, an increase of $2 million from FY 1999, for CZM Section 306/309 grants to CZM states for implementation of their coastal runoff control programs. These grants will allow coastal states to implement on-the-ground management measures, and leverage other state and local resources, to control the flow of polluted runoff into coastal waters.

Protect and restore our coastal resources—$1.0 million

$1 million in FY 2000 will reduce the flow of pollutants from hazardous waste sites into our coastal waters. NOAA's Coastal Resource Coordination program works at hazardous waste sites to protect and restore coastal resources and their habitats, including the water and sediments necessary to support a healthy ecosystem. The request will enable NOAA to address a broader range of waste sites and provide critical technical assistance to States and communities, improving the health of our coastal waters and the resources they support. The requested funds will enable NOAA to: work with EPA and other agencies to assess ecological risk and develop protective cleanups strategies at hundreds of coastal waste sites each year; address

a broader range of sites, including state-lead cleanups, military and active industrial facilities, and solid waste sites that are polluting our coastal waters; and provide more technical assistance to States and communities impacted by hazardous waste and Brownfields sites.

Mr. SERRANO. And if you could also tell us about your plans for NOAA's infrastructure, rather than keep you around for a long time.

Dr. BAKER. We will do that.

[CLERK'S NOTE.—Subsequent to the hearing, the following information was provided:]

Our infrastructure supports operational and research missions ranging from the sea floor to beyond the atmosphere and includes ships, aircraft, and more traditional facilities. The level of technology presently includes 1950's paper tape rain gauges to the most advanced supercomputers supporting weather and climate modeling.

In order to meet our mission requirements now and in the future, we must invest in and maintain our infrastructure. The FY 2000 budget request includes essential funding to continue investments in NOAA's infrastructure, including investments in our people. Most notably, the budget request:

Includes funding to address our data acquisition needs by providing for the first of four new Fisheries Research Vessels (FRVs), while at the same time increasing the number of days-at-sea by 245 for University-National Oceanographic Laboratory System (UNOLS) ship time for critical data collection needs for the Global Ocean Ecosystem Dynamics (GLOBEC) and Ecology and Oceanography of Harmful Alagal Bloom (ECOHAB) programs.

Provides funding to maintain our supercomputing capacity at the NWS Central Computing Facility in Suitland, Maryland, and the Forecast Systems Lab (FSL) in Boulder, Colorado while acquiring a massively parallel, scalable computer to be located at OAR's Geophysical Fluid Dynamics Lab (GFDL), in Princeton, New Jersey.

Provides increased recurring lease and/or operations costs at a number of NOAA facilities coming on-line in FY 1999 and FY 2000, such as the Santa Cruz and Kodiak Fisheries Laboratories, the Marine Environmental Health Research Laboratory in Charleston, South Carolina and the David Skaggs Research Center in Boulder, Colorado. At the same time funds are requested to complete the planning and design of a new state-of-the-art NMFS research facility near Juneau, Alaska.

Provides adjustments-to-base for pay related and inflationary cost increases to the National Weather Service, as well as for the FY 2000 pay raise for the remaining Line Offices.

Includes funds to begin replacing outdated observing equipment in order to maintain continuity of core data and services and provides funds for continuing technology infusion for systems developed for the Weather Service Modernization;

Reflects the Administration's plans to restructure and maintain the NOAA Corps and includes Payments for Retired Pay for Commissioned Officers as mandatory funding;

Includes $1.0 million to establish educational training relationships through a joint partnership with a consortium of Historically Black Colleges and Universities (HBCU). These efforts would not only result in the education of new marine, atmospheric and environmental scientists, but would also assist many coastal communities in the development of new business and environmental engineering alternatives to support sustainable economic development; and,

Provides funds to accelerate the implementation of the Commerce Administrative Management System (CAMS), which is critical to meeting NOAA's financial management requirements.

Mr. ROGERS. Thank you very much for all of your testimony, and the rest of your staff here.

Dr. BAKER. Thank you very much.

QUESTIONS SUBMITTED BY CHAIRMAN ROGERS ON BEHALF OF CONGRESSMAN SAM FARR

National Undersea Research Program (NURP) Funding

QUESTION: Congress stated that the $1 million reduction (7.4%) in the NURP appropriation was to be distributed proportionally among the six centers and the administration. Congress intended that funds for each center and the national office be reduced 7.4% from FY 1998 levels. Instead, NURP increased funding to half the centers and reduced funding to the West coast and Polar Regions (WCPR) center $916,000 (37%). This arbitrary reduction is having a negative impact on undersea research opportunities in California and other western states, an impact not intended by Congress.

Would you please explain the rationale for such a disparity? Will such a disparity continue if funding is increased as requested in the Administration's request?

ANSWER: NOAA has worked to transform NURP into a high quality, peer-reviewed science program that is relevant to NOAA's mission and national needs. With the goals of the reinvention in mind, the initial FY 1999 allocations were made. This resulted in a budget of $2.08 million for the West Coast Polar Regions (WCPR) center, a reduction of $420,000 from their FY 1998 level. In FY 1998, the budget for the WCPR center was $2.5 million. This initial allocation level was based in large part on competition and relevance of proposed research. In response to concerns raised by Senator Stevens, an additional $220,000 has been added to the budget of the WCPR center, bringing the total to $2,300,000. In addition, the center will have access to $500,000 for Alvin dives.

Ocean Floor Observations Research Initiative

QUESTION: What are the sites for the Ocean Sea Floor Observations Research Initiative and what are the reasons for choosing the sites for the initiative?

California is blessed with the Monterey Bay National Sanctuary the Nation's largest National Marine Sanctuary and as home to such a large number of marine-related research and educational organizations. I would have thought that the Monterey Bay would be a natural fit. It is one of the few locations that should be considered for a deep sea observatory since deep ocean waters can be reached on a day trip out to Moss Landing, Santa Cruz, and Monterey.

ANSWER: Four sea floor observatories are planned as part of this initiative. Their locations were chosen to provide a mix of shallow and deep water sites, and a mix of differing ecosystems, and geographic distribution. In order to be able to assure success with the limited funds requested, several of the sites were chosen because of existing infrastructure and support. The four planned sites are:

1. Mid-Atlantic region - an expansion of the LEO (Long Term Ecosystem Observatory) site off the coast of New Jersey;
2. Key Largo, Florida - an expansion at the Aquarius underwater laboratory site located in a coral reef and inside a national marine sanctuary;
3. Pacific Northwest - a deep water site on the Juan DeFuca ridge that builds on the multi year effort carried out under the NOAA VENTS program; and
4. Gulf of Mexico - several candidate sites are under consideration

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