

COMMERCE, JUSTICE, SCIENCE, AND RE- LATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2015

THURSDAY, APRIL 10, 2014

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:01 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Barbara A. Mikulski (chairwoman) presiding.

Present: Senators Mikulski, Reed, Merkley, Coons, Shelby, Collins, and Kirk.

DEPARTMENT OF COMMERCE

OFFICE OF THE SECRETARY

STATEMENT OF HON. PENNY PRITZKER, SECRETARY

OPENING STATEMENT OF SENATOR BARBARA A. MIKULSKI

Senator MIKULSKI. Good morning, everybody. The CJS Subcommittee will come to order.

Today we will take the testimony of the Department of Commerce for the 2015 fiscal year. This is their budget request, and we will be listening to the Commerce Secretary, Penny Pritzker, testifying for the first time at CJS. One might recall that Secretary Pritzker was appointed in July of 2013. We had already had our hearings, though we've had many substantive and constructive conversations.

Also, we want to note that we will be putting into the record the testimony of the Inspector General, Todd Zinser. But in the interest of time, we're just going to enter that. We want to thank Mr. Zinser and the Inspector General Service Corps for all of the work that they do that gives us important insights on how we can manage our people and our resources better. We want to thank him for that. Just the fact that we're going to have many votes today, we've had to condense it.

His statement will not only be part of the record, but I will be including some of the issues he raises in my questions.

There is a vote at 10:30 a.m., so it will be the goal of Senator Shelby, my vice chairman, and myself to make our statements and listen to you, Madam Secretary, and then we'll return for questions.

This is one of 60 hearings that we're holding in six weeks because we want to complete our hearings as promptly but diligently as we can so we can mark up our bills and strive, for the first time since 1996, not to have a lame duck.

Madam Secretary, we look forward to hearing from you on both the budget request and the priorities of the Department of Commerce. We know that you bring to us a strong business background and that the tradition of the Secretary of Commerce has always been a President's liaison to the business community. We note that one of the signature priorities that you put forth is that America is open for business, and we look forward to hearing about that.

One of the things we agree about on a bipartisan basis are the great words of Ronald Reagan when he said "the best social program is a job," and we want to hear how the Department of Commerce helps generate jobs in our country and retain jobs in our country, and maybe even in manufacturing bring some of those jobs back home.

We know that today we want to hear about trade, innovation, and jobs. We want to know how the Department of Commerce is helping generate jobs by increasing exports and promoting economic growth. We need to also hear about spurring innovation, safeguarding our intellectual property and enforcing our trade laws, but at the same time having strong oversight.

The Department of Commerce has been plagued by some persistent problems, problems with the Census, problems with the NOAA satellite program, but I must say that under your diligent management you have really tried to solve those problems, and we appreciate that.

One of the areas that we see as one of the future jobs in this country is in the area of information quality assurance. The trendy, chic word now is "cyber-security." But if you lose your identity or somebody steals your intellectual property, it's not a trendy phrase; it is a harsh economic reality affecting either a person, a business, or the future of our country.

We see NIST, the National Institute of Standards and Technology, as one of the greatest and yet most undervalued agencies in the Federal Government constellation, and it provides the private sector a civilian portal in which they can engage in both inventing products, talking with each other, and working constructively. We want to hear the role of NIST in today's world and what does it take to do that, though we know that NIST plays a very important role in manufacturing.

The other thing of great concern is the stealing of our intellectual property, and that goes to, again, cyber security. But in this array of agencies you have the Patent and Trade Office, which is absolutely crucial. We believe in private property. We're capitalists on this committee. We believe in private property and that if you invented it, you should get to keep it and make sure that nobody steals it.

But we need an aggressive Patent Office. We know the Judiciary Committee is looking at this. We know that we've had a backlog.

There's the International Trade Office and the International Commercial Service where we actually have people overseas that

help our American businesses connect. We don't always talk about that in this committee, and we want to hear about it.

And also very important is NOAA, the National Oceanic and Atmospheric Administration. NOAA is important to all of us who are coastal Senators. I'm sure they'll be coming in later. You're not a coastal Senator unless you—I mean, the coastal Senators are united that we're all concerned about fisheries, about the species decline, and also, the very important weather satellites and the Weather Service.

Most people think weather comes from the Weather Channel. We think it's wonderful the way the private sector has taken the data and information NOAA generates and turns it into such a useful, exciting product for the American people. But you can't have the Weather Channel unless you have the Weather Service. And quite frankly, whether you're a military, a maritime service, or you are a municipal leader wondering what to do on a snow day or how to have tornado alerts in your community, you need NOAA. So we need to hear more about that.

PREPARED STATEMENT

There are other questions and things that I'm going to say. I'm going to yield any time I have back, ask unanimous consent that my full statement be in the record so that Senator Shelby can speak, we can get you to your testimony before the vote.

[The statement follows:]

PREPARED STATEMENT OF SENATOR BARBARA A. MIKULSKI

This is one of 60 hearings the Appropriations Committee will hold over a 6 week period. We are doing our due diligence and the necessary work to get the job done. Our goal is to enact all 12 Appropriations bills before October 1, for the first time since 1996, in order to restore regular order—which means certainty and reliability in the appropriations process.

Today we will hear from Secretary Penny Pritzker about the Department of Commerce's fiscal year 2015 budget request and priorities. We also have written testimony from Commerce's Inspector General Todd Zinser.

We welcome Secretary Pritzker, who joined the Commerce Department in June of last year. We are very lucky to have her. She has a strong business background and has been a great leader at Commerce. Now she is the CEO of the Department of Commerce and America's Businesswoman in Chief, a leader to keep the economy rolling through trade, innovation, and jobs.

The Commerce Department is a major economic engine for America. The President's request totals \$8.8 billion for the Department. Today my goal is to examine how these funds will spur innovation. That includes safeguarding our intellectual property, and enforcing our trade laws. I want to know how the Department will create jobs, increase exports, and promote economic growth. We will also discuss how Commerce protects our citizens through forecasts and warnings about severe weather. Finally, is Commerce doing all it can to protect taxpayer dollars and use funds wisely?

The Secretary of Commerce is the spokesperson for American business. But the Secretary is also the chief manager responsible for addressing major challenges and persistent problems that need strong oversight including the National Oceanic and Atmospheric Administration's satellite procurement and the 2020 Census.

The Department of Commerce needs to be cyber-obsessed, creating ways to protect its own DOT.GOV systems, while working with the private sector to better protect DOT.COM. I want to be clear—cybersecurity is not surveillance. Cybersecurity means understanding and protecting us and our information from criminals out to steal our credit card information and personal identities, and to rob companies' intellectual property.

The total fiscal year 2015 National Institutes for Standards and Technology (NIST) budget request is \$900 million, and includes \$91 million for cybersecurity, research, and partnerships with private sector. NIST's job is to partner with the pri-

vate sector to solve today's cybersecurity problems. Earlier this year, NIST issued the voluntary Framework for Improving Critical Infrastructure Cybersecurity. Through research in the labs and at the National Cybersecurity Center of Excellence, NIST is generating innovation that protects people and companies, and creates cybersecurity jobs of the future that can never leave the United States.

NIST is not the only agency standing sentry over American innovation. The Patent and Trademark Office (PTO) protects ideas and inventions helping America's economy thrive. Inventors' new ideas become new products and, through entrepreneurship, new companies that create jobs. But inventors need a patent office to protect their ideas. The PTO is improving and getting patents out faster, but it can do more. More than 600,000 patents are waiting for approval, and it takes almost 2½ years to get a patent. PTO needs strong oversight from the Secretary and Congress. The PTO has been functioning without a Director since February 1, 2013.

Once a product is invented, we need to sell it around the world. The International Trade Administration (ITA) enforces our trade laws and agreements, protecting entire American industries. It promotes American products internationally and brings companies and jobs home to the United States. ITA's budget request of \$507 million is an increase of \$37 million above the fiscal year 2014 level of \$470 million. The ITA's Foreign Commercial Service helps American companies sell more goods overseas, getting products from American manufacturers to international customers. Exporting American goods and services supports roughly 10 million jobs in the United States.

The Economic Development Administration (EDA) invests in communities in all 50 States. EDA provides funding for projects such as water infrastructure for new hospitals, supporting thousands of local workers. Projects that promote infrastructure and innovation set our small businesses up for success. Every dollar put into the community through EDA grants leverages \$10 in local investment and creates jobs throughout the country.

When it comes to protecting people, every member of this subcommittee is pro-weather and pro-science. America has experienced several severe weather events these past few years and scientists suggest that extreme weather will continue. NOAA's satellites need to be fit for duty. We owe it to our communities, especially to the coastal States that depend on accurate hurricane forecasts and to the interior States that depend on timely tornado warnings. One-third of our GDP is directly affected by the weather. While Commerce's budget shows continued reforms to NOAA's satellite programs in response to critical reviews from this Committee and expert outside analysts, I remain concerned about the stability of these important satellite programs.

The Inspector General identified Census planning and management as a key challenge for the Department of Commerce. Controlling costs for the 2020 Census is a top oversight concern for the Inspector General, the Government Accountability Office, and the Appropriations Committee. The budget request of \$1.2 billion for the Census is an increase of \$266 million above the fiscal year 2014 level of \$945 million to prepare for 2020 Census. I want to know what is being done to make the 2020 Census less expensive than the 2010 Census and to prevent techno-boondoggles that caused 2010 Census costs to skyrocket.

I want to thank all the men and women of the Commerce Department—trade experts, statisticians, patent and trademark examiners, scientists and engineers, ocean surveyors, and weather forecasters. They work hard every day promoting American businesses, protecting American ideas and resources, keeping our economy moving forward and creating jobs. Secretary Pritzker—thank you for your leadership and also for your continued oversight of the Department of Commerce. We look forward to hearing your testimony.

STATEMENT OF SENATOR RICHARD C. SHELBY

Senator SHELBY. Thank you, Madam Chairman.

Welcome, Secretary Pritzker. As the chair said, this is your first hearing, your first appearance before this committee.

The Department of Commerce, as everybody knows, is responsible for a broad range of activities critical to our Nation. Weather forecasting, fisheries management, economic development, and trade enforcement are just a few of the Department's responsibilities.

In a time of constrained budgets, prioritization and strong oversight are essential to keeping the Department on the right path,

and the request for 2015 is \$8.7 billion, \$568 million more than the 2014 enacted level.

The budget request attempts to balance, as I understand it, the wide range of activities under the purview of the Department. Finding that balance remains a challenge. Costly satellite procurements and the build-up to the 2020 Census adds significant budget pressures that could impact other important core programs.

Ensuring that priority satellite projects stay on schedule and on budget is essential to the overall budget picture. As the Department develops long-range plans for satellite procurements, I believe it must maintain a focus on these projects that ensure weather forecasters have the data and information they need to protect life and property. And while there are a number of satellite projects on the books, resources are limited.

I am concerned that the Department has not prioritized these costly projects yet based on the value of services they provide to the core mission of the agency. Madam Secretary, when it comes to projects of this magnitude and this cost, the Department, I believe, must differentiate between the must-haves, must-haves such as JPSS and GOES-R and the nice-to-haves, nice-to-have projects like Cosmic, and Cosmic-2.

Unfortunately, I'm not convinced that all of the satellite projects that the Department is focused on are truly necessary to the core mission of NOAA, which is very important to all of us that the chairman referenced. My concern is exacerbated by reports from the GAO and the Department of Commerce Inspector General suggesting that a gap in polar satellite data is likely.

Without this data, weather forecasters would be unable to do their jobs and the safety of millions of Americans could be in jeopardy. Yet the Department thus far has failed to present a viable gap mitigation plan in the 2015 request, choosing instead to advance nice-to-have satellite projects. I wish you would look at that very, very closely. It certainly troubles a lot of us.

Finally, I want to touch on the Department's request for Economic Development Administration funds. The Department has once again proposed to shift support away from traditional effective economic development programs that help distressed communities to fund a new community planning program. The Investing in Manufacturing Communities Partnership Program proposes to support 25 communities in this country, just 25 communities that the Administration believes have the best economic development planning regime in place.

The program gives selected communities a seal of approval intended to signal to business and industry around the world that the community has been chosen by the Government, by the Administration, as worthy of investment. Additionally, chosen communities will be granted priority access to Federal resources. Sounds like central planning to me.

I'm concerned that this type of system allows the Administration ultimately to pick a lot of winners and losers, and there are many communities that have worked diligently in this country to recruit business and industry, and I worry that their future efforts might be disadvantaged by this new program if they're not chosen. And what's more, I'm concerned that they might be further disadvan-

tagged in obtaining Federal grants because their grant applications won't be given the same consideration as a chosen community.

I believe sustained growth and competitiveness should be a priority for communities everywhere in this country. It should not be restricted to a few manufacturing communities hand-picked by this Administration or any administration, and I look forward to working with you at the Department on these issues because I think they're very important.

We welcome you again to the committee.

Senator MIKULSKI. We want to note that Senator Jack Reed from Rhode Island, Senator Merkley, and Senator Mark Kirk are here.

Understanding the vote, I'd like to get to Secretary Pritzker's testimony and try to get in as many questions as we can before the vote.

Madam Secretary, why don't you proceed with your testimony?

SUMMARY STATEMENT OF PENNY PRITZKER

Secretary PRITZKER. Thank you very much. Chairwoman Mikulski, Vice Chairman Shelby, and members of the subcommittee, thank you for this opportunity to discuss President Obama's fiscal year 2015 budget request for the Department of Commerce.

HIGHLIGHTS OF THE DEPARTMENT OF COMMERCE BUDGET

The Department of Commerce budget request of \$8.8 billion reflects President Obama's commitment to support American businesses and create economic opportunity, while building upon the important investments that Congress enacted in fiscal year 2014.

As you may know, the Department recently rolled out its priorities and strategic plan called the "Open For Business Agenda." The budget reflects our priorities in several ways. First, we will build on the four consecutive record-breaking years of American exports and the trend of rising business investment into the United States. We propose that the International Trade Administration receive an 8 percent increase, which will bolster our work to support current and potential exporters, boost in-bound investment through our highly effective SelectUSA program, and strengthen trade enforcement.

I should also note that 2015 will conclude the biggest element of the President's Export Control Reform Initiative, which strengthens our national security and allows for more trade with our allies.

Second, we will continue to support American innovation. The Commerce Department is becoming known as the Department of Innovation. Over the past few years, we have laid down more than 100,000 miles of broadband, bringing more opportunity to businesses and communities across the country. We have also reduced the patent application backlog, though we still have more work to do.

To continue driving innovation, the budget includes increased funding for research at bureaus such as the National Institute for Standards and Technology; as you know, NIST attracts private sector partners to collaborate with us in areas ranging from advanced manufacturing to cyber security.

Looking forward, we will expand efforts to help small manufacturers adopt new technologies and increase their competitiveness through AMTech and our MEP program.

In addition, the budget reflects the President's call for a national network of manufacturing innovation, a powerful model focused on pre-competitive research which already has bipartisan support in the House and the Senate.

We will also drive innovation through regional capacity building, continued support for minority-owned businesses, and both executive and legislative efforts to continue strengthening our patent system, an issue that Congress is currently working to address.

Third, we will do more to unleash the potential of data. The budget proposes a significant increase, to \$754 million, to prepare for an efficient and effective 2020 Census. We have embarked on aggressive research and testing programs that will help us identify ways to make it easier for people to respond to the Census. We will consistently review the benchmarks of this program to ensure that we are better able to meet our goals.

As you know, business and government leaders across the country use crucial data to make decisions about growth and hiring. Also, I recently announced that we will partner with the private sector to make more NOAA data accessible and usable for entrepreneurs and the public. This budget supports this effort into fiscal year 2015.

Fourth, we will gather and act on environmental intelligence. The budget includes \$2 billion for satellites which provide weather and climate data to protect lives and property. These funds will also help businesses and communities adapt to a changing planet.

I should note that these satellite programs are currently on schedule and on budget thanks to our rigorous monitoring and management efforts.

The budget also includes \$519 million for our National Ocean Service, which provides the resilience of our coasts, as well as \$917 million for our National Marine Fisheries Service.

PREPARED STATEMENTS

In closing, as a former business leader, I strongly believe that this budget reflects wise, targeted investments of taxpayer dollars, investments that will be highly valued by the Commerce Department's stakeholders. I look forward to answering your questions and achieving the important vision laid out in our Department's strategic plan.

[The statements follow:]

PREPARED STATEMENT OF HON. PENNY PRITZKER

Chairwoman Mikulski, Vice Chairman Shelby, and members of the subcommittee, thank you for this opportunity to discuss with you President Obama's fiscal year 2015 budget request for the Department of Commerce. The investments included in the fiscal year 2015 budget request build upon the important investments you enacted in fiscal year 2014 and I am grateful for your support.

Our fiscal year 2015 budget requests \$8.8 billion, a 7 percent increase over fiscal year 2014. This budget supports the Department's "Open for Business Agenda" by promoting trade and investment; spurring innovation; fueling our data-driven economy; and producing environmental intelligence. Investing in these areas builds on President Obama's vision for creating economic opportunity for all Americans. This budget will help drive economic growth and job creation and reflects his confidence

in the Department's ability to help businesses grow, compete, and innovate as the voice of business in the administration.

The President's vision for creating economic growth is further supported through the Department's request in the Opportunity, Growth, and Security Initiative. This fully paid for initiative lays out a roadmap for additional investments in critical areas such as research and development, climate resilience, economic development, and manufacturing.

We are committed to working with the Congress to pass a budget that will continue to help create the conditions necessary for businesses to grow and hire, and for the U.S. economy to thrive.

PROMOTING TRADE AND INVESTMENT

Increasing trade and investment is a critical component of growing our economy. Exports have driven nearly one-third of economic growth since 2009 and support 11.3 million jobs. Ninety-six percent of companies that export are small and medium enterprises (SMEs). Today, 95 percent of potential customers are outside our borders and growing the number of export-related jobs, which pay 18 percent more on average, will require expanding our ability to reach these foreign markets. To promote exports and greater investment in the U.S., including foreign direct investment and U.S. companies reinvesting in America, the budget includes \$497 million for the International Trade Administration (ITA), an 8 percent increase over the 2014 enacted level. I want to thank the subcommittee for their support of SelectUSA in fiscal year 2014 and we plan to put more muscle behind this new program, which will bring more foreign investment dollars to the United States and encourage American companies to reinvest in America.

To reinforce the important role that investment plays in the health of our economy, the budget also proposes to rename the International Trade Administration to the International Trade and Investment Administration (ITIA). This new name more accurately reflects the Commerce Department's commitment to expanding exports while also making inbound investment and reshoring a bigger part of the DNA of our economy. Five million six hundred thousand jobs are supported by inbound investment and the trends are in our favor to attract more. The additional resources requested in the fiscal year 2015 budget will enable ITIA, and specifically SelectUSA, to help more states and regions attract additional investments and create more jobs.

Funding requested for ITIA includes \$15 million, a \$7.7 million increase from fiscal year 2014, to accelerate operations of the Interagency Trade Enforcement Center (ITEC), an interagency effort to address unfair trade practices and barriers to boost U.S. exports, and \$20 million, a \$13 million increase from fiscal year 2014, to expand SelectUSA.

The budget includes \$4 million for the Bureau of Economic Analysis (BEA) to improve the measurement and understanding of U.S. foreign direct investment in support of the SelectUSA initiative. The additional funds will support increased export promotion activities in underserved markets around the world. The budget also supports the administration's BusinessUSA initiative, a one-stop shop to connect business with Federal Government resources more effectively and efficiently.

The budget includes \$111 million for the Bureau of Industry and Security (BIS), a \$9 million increase, to enforce our export control laws to ensure that our national security is protected even as we foster trade. This will support BIS's continuing work on export control reform, which will help advance national security and economic competitiveness by better focusing U.S. controls on transactions to destinations or end users of concern, while facilitating secure trade for controlled items with U.S. allies and close partners by expanding export control officers operations, enhancing current intelligence efforts, and expanding the bureau's national enforcement and analytical capabilities.

SPURRING INNOVATION

Much of what makes America unique is our spirit of innovation and entrepreneurship. Today, the United States has 6 million workers employed in technology and the highest concentration of knowledge and technology intensive industries in the world, representing 40 percent of our GDP.

To foster a more innovative U.S. economy, the budget will support increased regional and national capacity for innovative manufacturing, continue to support research and development (R&D) that leads to transformative changes in technology, promote intellectual property policy that supports innovation, and continue to strengthen the Nation's digital economy.

The budget provides \$141 million, a \$13 million increase over the fiscal year 2014 enacted level, for the Hollings Manufacturing Extension Partnership (MEP), with an increased focus on expanding technology and supply chain capabilities to support technology adoption by smaller manufacturers to improve their competitiveness.

The budget also provides \$15 million for the Advanced Manufacturing Technology Consortia (AMTech), a public-private partnership that will support industry-led consortia developing technologies to address major manufacturing challenges faced by American businesses. The administration has also launched four manufacturing institutes to date and is planning to launch at least four additional manufacturing institutes in 2014 utilizing existing Federal funding.

The budget provides \$680 million for the National Institute of Standards and Technology (NIST) laboratories, an increase of \$29 million over fiscal year 2014, to accelerate advances in top research priorities, including advanced manufacturing, forensics, cybersecurity and disaster resilience, and improved scientific facilities. Included in this amount is \$6 million for NIST to accelerate and expand technology transfer across the Federal Government, which will enhance the competitiveness of U.S. industry by sharing innovations and knowledge from Federal labs. NIST contributes to the success of businesses on issues ranging from cybersecurity to advanced manufacturing. This funding will enable NIST to continue to support economic growth in the future.

To continue expanding broadband capacity and promoting policies to ensure a free and open Internet, the budget requests a total of \$51 million for the National Telecommunications and Information Administration (NTIA), an increase of \$5 million over fiscal year 2014. This increase will support increasing wireless broadband access and critical telecommunications policy coordination.

The budget includes \$210 million for the Economic Development Administration (EDA) to support innovative economic development planning, regional capacity building, and capital projects. This includes \$25 million for the Regional Innovation Strategies Program to promote economic development projects that spur entrepreneurship and innovation at the regional level. This investment will make our Nation and communities more competitive.

The budget also includes \$28.3 million for the Minority Business Development Agency (MBDA) that will enable the agency to continue supporting the national growth of minority-owned U.S. businesses, with additional focus on impacting regional economies and expanding into new markets. Minority owned firms make a significant and valuable contribution to our economy and export at a higher rate compared to all U.S. firms. This investment will promote further growth.

Through implementation of the America Invents Act, the U.S. Patent and Trademark Office (USPTO) continues to make it easier for American entrepreneurs and businesses to bring their inventions to the marketplace sooner, converting ideas into new products and new jobs. Last year alone, the USPTO received more than 35,000 design patent applications and recently commemorated its 700,000th design patent. PTO's estimated fee collections in fiscal year 2015 are \$3.4 billion.

The budget also proposes several legislative reforms designed to improve the transparency and efficiency of the American patent system, complementing a series of administrative actions the administration announced in June 2013, which will help protect innovators from frivolous litigation and ensure the highest-quality patents in our system.

FUELING A DATA-DRIVEN ECONOMY

Data powers the 21st century economy, and Commerce Department data touches every American and helps existing businesses make better decisions while also providing opportunities for more entrepreneurs to launch startups. The budget will support data-related efforts ranging from our preparations for the 2020 Census to unleashing more NOAA data through public-private partnerships. Each day, NOAA collects and produces 20 terabytes of environmental data—from weather forecasts to climate change to ocean currents. Yet, only a small percentage of this valuable data, roughly two terabytes, is made easily accessible to the public.

The budget includes \$754 million, an increase of \$260 million over the 2014 enacted level, for the U.S. Census Bureau to research and test innovative design methods necessary to achieve an efficient and effective 2020 Decennial Census. The budget also requests \$12 million to invest in the development of three Commerce statistical measures that will improve evidence-based decisionmaking across the Federal Government and the private sector. This includes \$5 million for the Census Bureau to improve the supplemental poverty measure to allow for more fair and accurate indexing and analysis of poverty programs.

The budget also includes \$5 million for the Census Bureau to increase access to critical business datasets and create a new field of research into the conditions and outcomes of business investments in research, development, and innovation by expanding existing data projects. An additional \$2 million within BEA will initiate “Big Data for Small Business,” a new data program that will collect a Small Business GDP measure to support decisionmaking by business owners and investors as well as small business analyses.

GATHERING AND ACTING ON ENVIRONMENTAL INTELLIGENCE

The President’s budget makes crucial investments in our environment, including efforts to protect our natural resources and to help businesses and communities adapt to a changing planet. Through our network of satellites, ships, and worldwide sensors, the Department generates models, assessments, forecasts, and tools that provide information to help communities and businesses prepare for and prosper in a changing environment. Importantly, the proposed budget will also keep our satellite programs on track by providing \$2 billion to fully fund the National Oceanic and Atmospheric Administration’s (NOAA’s) next generation of weather satellites, which are critical to its ability to provide accurate information to decision-makers throughout the government and private sector, as well as time-sensitive weather forecasts and warnings that help protect lives and property. This includes \$60 million to procure additional weather instruments for the polar program and helps address the robustness of the polar constellation.

The budget requests \$519 million for the National Ocean Service to make critical investments in products, services and capabilities that will improve the resilience of the Nation’s coasts. The budget also requests \$917 million for the National Marine Fisheries Service to conserve, protect, and manage living marine resources, including important increases for next-generation stock assessments, and electronic monitoring and coral reef protection.

CONCLUSION

The smart investments proposed in President’s fiscal year 2015 budget will support a globally competitive economy by promoting trade and investment, spurring innovation, fueling a data-driven economy, and gathering and acting on environmental intelligence. I look forward to working with the subcommittee to achieve these important goals.

PREPARED STATEMENT OF HON. TODD J. ZINSER, INSPECTOR GENERAL

Chairwoman Mikulski, Ranking Member Shelby, and members of the subcommittee:

I appreciate the opportunity to provide testimony today as you consider upcoming appropriations for the Department of Commerce. The President’s fiscal year 2015 budget requests \$12.2 billion for the Department, including \$3.4 billion for U.S. Patent and Trademark Office (USPTO) user-fee financing. The Department plays a pivotal role in implementing the President’s initiatives for economic recovery and job creation—and, like other Federal agencies, faces significant challenges in the upcoming year.

We addressed these areas in our recent *Top Management Challenges (TMC)* report,¹ which we prepare annually as required by the Reports Consolidation Act of 2000.² Our *TMC* reports in depth what we consider, from our oversight perspective, to be the most significant management and performance challenges facing the Department:

- Challenge 1.* Strengthen Commerce infrastructure to support the Nation’s economic growth.
- Challenge 2.* Strengthen oversight of National Oceanic and Atmospheric Administration (NOAA) programs to mitigate potential satellite coverage gaps, address control weaknesses in accounting for satellites, and enhance fisheries management.
- Challenge 3.* Continue enhancing cybersecurity and management of information technology investments.
- Challenge 4.* Exercise strong project management controls over 2020 Census planning to contain costs.

¹U.S. Department of Commerce Office of Inspector General, November 25, 2013. *Top Management Challenges Facing the Department of Commerce*, OIG–14–002. Washington, DC: DOC OIG.

²31 U.S.C. § 3516(d).

—*Challenge 5.* Continue to foster a culture of management accountability to ensure responsible spending.

Today I will summarize several challenges facing the Department, based on recent and ongoing audits, evaluations, and investigations. Recently, the Secretary and Departmental leadership published a strategic plan for fiscal years 2014–2018. We consider the plan a significant achievement in establishing a framework for the diverse missions of the Department and its organizational units. The plan established 5 strategic goals: trade and investment, innovation, data, environment, and operational excellence. Much of our work addresses the goal of “operational excellence,” which will be the focus of our testimony.

ADDRESSING ISSUES WITH NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
(NOAA) WEATHER SATELLITE PROGRAMS

The Department must actively manage risks associated with the acquisition and development of the next generation of NOAA environmental satellites, as they are its largest investments at more than 20 percent of its \$8.8 billion budget request. The Joint Polar Satellite System (JPSS) program’s challenge is to keep JPSS–1 development on track to meet its second quarter fiscal year 2017 launch schedule—while taking steps to mitigate a potential data gap in the afternoon polar orbit, as well as implementing NOAA’s Independent Review Team recommendations to make the constellation more robust. The Department must also ensure that the Geostationary Operational Environmental Satellite–R Series (GOES–R) program continues to meet requirements within its long-standing cost and schedule baselines for a launch readiness date of October 2015 for the first satellite.

Of note, NOAA has improved its communication with stakeholders, as well as the efficacy of satellite program leadership and staffing, and developed a comprehensive polar satellite data gap mitigation plan.

Mitigating Potential JPSS Coverage Gaps

In its fiscal year 2015 budget submission, NOAA requested \$916.3 million for its JPSS program, reporting that the \$95 million increase from the prior year would not change the program’s life-cycle cost of \$11.3 billion through fiscal year 2025. The first JPSS-developed satellite (JPSS–1) is scheduled for launch no later than the second quarter of fiscal year 2017.

The JPSS program must successfully execute to cost, schedule, and performance baselines established August 1, 2013. The program must also ensure that flight and ground schedules are fully integrated for the JPSS–1 mission. NOAA leadership must also ensure the program is able to effectively manage ongoing development while responding to concerns about the robustness of program development activities (e.g., the need for spare parts for JPSS–1 and JPSS–2 instruments and spacecraft) and the need for further gap mitigation.

NOAA has begun to mitigate potential degradation to weather forecasting capabilities during polar-orbit data coverage gaps through the use of supplemental funding it received as part of the Disaster Relief Appropriations Act, 2013. NOAA should ensure that its gap mitigation plan is executed before the November 2016 design-life end of Suomi National Polar-orbiting Partnership (NPP), a risk-reduction satellite launched in October 2011.

Consistent with our September 2012 JPSS audit report,³ we continue to project a potential 10–16-month gap between Suomi NPP’s end of design life and when JPSS–1 satellite data become available for operational use. NOAA’s medium-range weather forecasting (3–7 days) could be degraded during the period of time JPSS data are unavailable, but NOAA must do more research using past and current weather events to determine the extent to which forecasts may be affected.

In March 2014, we learned that the JPSS program had revised its projections for a coverage gap between Suomi NPP and JPSS–1. During 2013, the program analyzed the expected reliability of Suomi NPP and concluded that the potential gap had narrowed to 3 months or less. It also determined that, should Suomi NPP have an early failure, data or imagery loss would be partially mitigated by data provided by legacy satellites. Regardless of NOAA’s revised gap projection, in the long term those legacy satellites can no longer be expected to function, leaving the JPSS constellation as the sole provider of key data from the afternoon polar orbit. This reinforces the need to make the constellation more robust, as recommended by NOAA’s independent review team.

³DOC OIG, September 27, 2012. *Audit of the Joint Polar Satellite System: Continuing Progress in Establishing Capabilities, Schedules, and Costs Is Needed*, OIG–12–038–A. Washington, DC: DOC OIG.

Managing GOES-R Program Issues With Launch Readiness and System Development

With four satellites (the -R, -S, -T, and -U series), the GOES-R program is estimated to cost \$10.8 billion over the course of its life cycle. GOES-R, with scope and importance comparable to JPSS, has experienced development and budgetary challenges that could delay the launch readiness date of its first satellite from the first to the second quarter of fiscal year 2016.

The GOES-R program must continue to manage its ground system, instrument, and spacecraft development to meet requirements within its long-standing cost and schedule baselines—and successfully complete the integration and test phase. In addition, the program must effectively manage activities between flight and ground projects in a compressed development schedule environment.

In our 2013 GOES-R audit report,⁴ we found that schedule slips and a potential reduction in testing activities have raised concerns about the satellite's readiness to launch. Funding stability in fiscal year 2014 and beyond is the program's top risk; an appropriation amount below the fiscal year 2015 requested level may delay launch. For these reasons, one of our recommendations was that NOAA implement a comprehensive plan to mitigate the risk of potential launch delays and communicate to users (e.g., in the National Weather Service and Department of Defense) and other stakeholders (e.g., the Administration, Congress) the changes that may be necessary to maintain GOES-R's launch readiness date of 2015.

In a March 2014 memorandum⁵ to the NOAA Administrator, we shared our initial audit observations on the GOES-R core ground system development and made critical observations about the performance of NOAA and its contractor. We observed (1) poor planning assumptions, (2) inability to execute the first re-plan, and (3) inadequate transparency about progress. Further, we found that NOAA oversight and GOES-R program management did not sufficiently address problems with the first re-plan that could now lead to increased costs—and NOAA may have to launch a satellite without all of the core ground system capabilities implemented. Based on previous performance we believe that, without leadership's attention, the core ground system may not meet minimum requirements for launch in October 2015. As a result, we believe that the Under Secretary of Commerce for Oceans and Atmosphere and NOAA Administrator should establish periodic discussions with both Departmental and contractor leadership to ensure the core ground system will meet the October 2015 launch readiness date.

Ongoing OIG Investigation

In mid-2013, OIG received an anonymous whistleblower tip about a team-building exercise conducted by the GOES-R ground segment project staff that was improperly billed to the Government. In our subsequent investigation, we found that 21 Government employees and consultants employed by private companies were invited to attend a group lunch at a local restaurant, followed by a daytime showing of *Star Trek: Into Darkness*. Twenty individuals working on the GOES-R ground project attended the lunch and 18 attended the movie; the vast majority of participants mischarged the Government for participating in these activities. As a result of our investigation, those participants worked with NOAA to amend their records to claim personal leave for time spent at the lunch and movie. As a result of our investigative activities, approximately \$3,500 that was mischarged to the Government was returned. OIG suggested that clear written guidance on proper timekeeping be communicated to agency and contractor staff in advance of any similar work group outings. Commendably, one consultant made a self-disclosure that more time was spent at the offsite event than determined by the program office; OIG is currently looking into whether the amount returned is adequate.

For further details, see Appendix A, "Addressing Issues with NOAA Weather Satellite Programs."

MANAGING THE CENSUS BUREAU'S 2020 DECENNIAL PLANNING AND OTHER CENSUS BUREAU ISSUES

The 2020 decennial census, though years away, is a massive undertaking that requires extensive planning and testing. For 2020, the Census Bureau plans to design and conduct a high-quality decennial operation that will cost less per household on

⁴DOC OIG, April 25, 2013. *Audit of Geostationary Operational Environmental Satellite-R Series: Comprehensive Mitigation Approaches, Strong Systems Engineering, and Cost Controls Are Needed to Reduce Risks of Coverage Gaps*, OIG-13-024-A. Washington, DC: DOC OIG.

⁵DOC OIG, March 6, 2014. *Interim Memo re: Audit of NOAA's Geostationary Operational Environmental Satellite-R Series Core Ground System*, OIG-14-014-M. Washington, DC: DOC OIG.

an inflation-adjusted basis than the 2010 Census. Research and testing for the 2020 Census must be completed early in the decade, to design a census that will meet congressionally-mandated deadlines and to succeed at the task of counting millions of people and housing units. Recent and ongoing OIG reports on the Census Bureau meeting these challenges concern decennial planning, design decisions, and integration of schedule and budget.

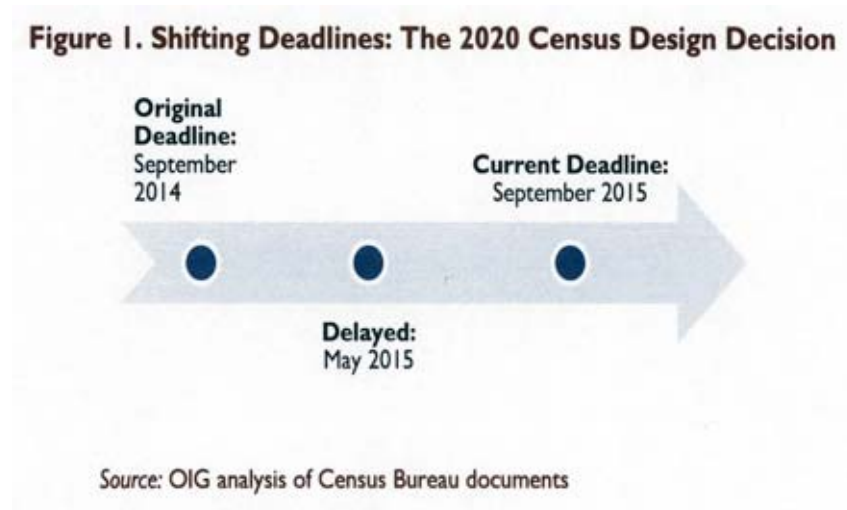
2020 Census Planning

During our December 2013 evaluation⁶ of 2020 Census planning efforts to design a 2020 decennial census that costs less per household than the 2010 Census, we noted significant schedule slippage in the Census Bureau's key research and testing programs. If continued, missed deadlines will translate into an untenable continuation of an already expensive design. According to the Bureau, the cost (in constant dollars) of counting each housing unit in 2010 was \$94—and could reach an estimated \$148 if the same design is repeated for 2020. Using the same 2010 design, and assuming no changes in the number of housing units over the next 10 years, the 2020 Census would cost more than \$19 billion.

2020 Census Design

To reduce 2020 Census costs, the Bureau is conducting research that focuses on several design features, such as offering the Internet as a response option, conducting a targeted address canvassing operation, and using administrative records to follow up on cases of nonresponse.

An ongoing challenge we have identified is the lack of an established schedule. The Census Bureau revises baselines (i.e., re-baselines), which can mask delays and give the appearance that schedules are met. For example, major decision points for the 2020 Census have been re-baselined several times, with original deadlines pushed back from September 2014 to September 2015 (see figure 1).



2020 Census Integrated Schedule and Budget

Last decade, OIG recommended that the Census Bureau integrate cost and schedule activities to enable managers to better track the status of available funds, as well as forecast impending underruns and overruns, so that funds can be reallocated promptly. In response, the Bureau planned to incorporate earned value management, a process that combines measures of a project's schedule and cost to forecast performance problems. As of March 2014, the Bureau had not incorporated earned value management into its activity schedules, limiting its ability to make decisions based on objective data.

⁶DOC OIG, December 3, 2013. *2020 Census Planning: Research Delays and Program Management Challenges Threaten Design Innovation*, OIG-13-003-A. Washington, DC: DOC OIG.

To effectively manage a program of the size, complexity, and cost of the 2020 Census—and assess the return on investment of research efforts—managers require accurate accounting records. However, we recently found that many Census Bureau staff stated that they are charging their time to projects based on budgeted hours rather than actual hours worked. Inadequate accounting of employees' actual work, as well as inaccurate project costs, hinder the Bureau's ability to assess the return on investment of research efforts. Additionally, these issues affect the Bureau's ability to make informed decisions about how to accomplish budget reductions.

Ongoing OIG Investigation

OIG is currently reviewing allegations of survey data falsification within the Census Bureau's Philadelphia Regional Office. OIG received allegations of data falsification in 2010 related to activities in this region, which were investigated and subsequently returned to the Census Bureau in 2011 for appropriate action.

In late 2013, a whistleblower contacted OIG and provided a related but new complaint, which was also covered in various media outlets. The most recent information we received also contained new allegations that the Philadelphia Regional Office, through the systemic falsification of survey data, attempted to manipulate the unemployment report in advance of the 2012 Presidential election. As a result, we opened a new investigation, which reviewed the allegations from 2010 and also significantly expanded the scope to include new information. We plan to release our public report in 2014.

For further details, see Appendix B, "Managing the Census Bureau's 2020 Decennial Planning and Other Census Bureau Issues."

ENHANCING DEPARTMENTAL CYBERSECURITY

To deal successfully with cyber threats, the Department needs to establish a robust incident response capability, specifically within the Department of Commerce Computer Incident Response Team (DOC CIRT). In addition, the Department must deploy a sustainable implementation of its three enterprise-wide cybersecurity initiatives that are underway to continuously monitor its IT systems, provide cyber security situational awareness, and meet requirements to optimize and standardize its individual external network connections.

While the Department is making progress in these areas, the challenge the Department faces—largely because of its highly fragmented operating environment—is to ensure productive collaboration among all bureaus to effectively improve the Department's cybersecurity posture.

Enhancing the Department's Cyber Incident Detection and Response

The Department needs to establish a robust cyber incident response capability, specifically within DOC CIRT. Furthermore—because DOC CIRT primarily provides incident response services only to bureaus located at the Department's Herbert C. Hoover Building headquarters—ensuring productive collaboration among all bureaus is critical for the Department to effectively respond to a cyber event.

OIG recently conducted an audit of the incident detection and response capabilities of several bureaus within the Department. Our audit complemented work already done by the Department and identified further improvements needed in its incident detection and response practices. Specifically, we tested Department public-facing Web sites by simulating a cyber event consisting of prolonged suspicious network traffic that mimics real-world hacking techniques and cyber attacks. We found that bureaus' actions in response to our suspicious network activities may not stop cyber attacks in a timely manner—and are recommending that the Department ensure that bureaus follow NIST guidance to take timely action in response to a potential cyber attack.

Implementing Enterprise Cybersecurity Initiatives

We noted, in our fiscal year 2014 TMC report, that the Department has three enterprise cybersecurity initiatives underway to address mandates from the Office of Management and Budget (OMB). The Enterprise Cybersecurity Monitoring and Operations (ECMO) and Enterprise Security Oversight Center (ESOC) initiatives support OMB's mandate⁷ to continuously monitor security-related information from across the enterprise. The Trusted Internet Connections (TIC) initiative supports

⁷ Executive Office of the President Office of Management and Budget, April 21, 2010. *Fiscal year 2010 Reporting Instructions for the Federal Information Security Management Act and Agency Privacy Management*, Memorandum M-10-15. Washington, DC: OMB, 1.

the mandate⁸ that Federal agencies optimize and standardize their individual external network connections, including connections to the Internet. Collectively, these undertakings should significantly improve the Department's cybersecurity posture.

Timely implementation of these initiatives is crucial to the Department's cybersecurity program, particularly in light of the ever-increasing cyber threats facing government systems. The ECMO and ESOC initiatives are critical to maintaining cybersecurity best practices to protect network components, implementing continuous monitoring, and providing timely cyber situational awareness across the Department. Thus, the Department needs to ensure that current efforts for these initiatives move forward as planned and that operating units cooperate and participate to the fullest extent. The Department projects spending, from the fiscal year 2015 working capital fund, \$4.2 million for each of the ECMO and ESOC initiatives (for a total of \$8.4 million).

Our recent audit of the Department's incident detection and response practices included four bureaus that have complied with the TIC initiative through a Managed Trusted Internet Protocol Services (MTIPS) provider. We found that these bureaus are not realizing the full benefits of incident detection and response capabilities provided by MTIPS. The bureaus are not working with the MTIPS provider to more effectively use MTIPS services to supplement their security operations center capabilities to fill gaps in monitoring coverage during nonbusiness hours. Furthermore, only one bureau is exploring opportunities to leverage MTIPS security services to reduce or eliminate services that are currently handled by the bureau.

Ongoing OIG Work

As part of our annual Federal Information Security Management Act audit work, we are assessing the effectiveness of NOAA's IT security program by determining whether key security measures adequately protect its mission capabilities supported by the National Environmental Satellite, Data, and Information Service (NESDIS) and the National Weather Service (NWS). The assessments focus on NESDIS' Polar-orbiting Operational Environmental Satellites (POES), Geostationary Operational Environmental Satellites (GOES), Joint Polar Satellites System (JPSS), Environmental Satellite Processing Center (ESPC), Search and Rescue Satellite Aided Tracking (SARSAT), and NWS' Aviation Weather Center (AWC), Space Weather Prediction Center (SWPC), Storm Prediction Center (SPC), National Hurricane Center (NHC), and National Centers for Environmental Prediction (NCEP) Central Operations. We are currently making recommendations to address weaknesses we found during our assessments.

For further details, see Appendix C, "Enhancing Departmental Cybersecurity."

REDUCING USPTO BACKLOGS

Reducing Patent Backlogs

USPTO, as the authority for reviewing and adjudicating all patent and trademark applications, must continue to focus on issues with the time applicants wait before their patent applications or appeals are reviewed. Its longstanding challenge has been to reduce backlogs of new patent applications, Patent Trial and Appeal Board (PTAB) ex parte appeals, and requests for continued examination (RCEs). As it works to reduce its patent backlog and pendency—while meeting the requirements of the 2011 American Invents Act (AIA)—USPTO must ensure that the quality of its patent examination process is not adversely affected and to avoid requiring applicants and the public to file unnecessary and costly challenges to examiners' decisions.

Since we issued the fiscal year 2014 *TMC* report in November 2013, the new application backlog has increased to 604,700 (as of February 2014). The patent appeals backlog—which we reported on in our 2012 audit⁹—has begun to slowly decrease and, as of November 2013, stands at approximately 25,000, still almost twice the size of the backlog in October 2010.

However, USPTO's backlog for requests for continued examination (RCE) has experienced the most variability, growing from 17,800 applications in October 2009 to approximately 78,000 in September 2013, an increase of more than 340 percent. As a consequence, during the same period, the average waiting time between filing an RCE and receiving an initial decision has grown from 2.1 to 7.8 months. From the

⁸ OMB, November 20, 2007. *Implementation of Trusted Internet Connections (TIC)*, Memorandum M-08-05. Washington, DC: OMB, page 1. Also, see OMB, September 17, 2009. *Update on the Trusted Internet Connections Initiative*, Memorandum M-09-32. Washington, DC: OMB, 1.

⁹ DOC OIG, August 10, 2012. *USPTO's Other Backlog: Past Problems and Risks Ahead for the Board of Patent Appeals and Interferences*, OIG-12-032-A. Washington, DC: DOC OIG.

beginning of the fiscal year until February 2014, the RCE pendency has decreased to 6.9 months, but the RCE backlog still hovers near 80,000. (For further details on backlogs and pendency over the last 5 full fiscal years, see table 1. Pendency statistics as of February 2014 may reflect month-to-month variations; as a result, we cannot determine an overall trend for fiscal year 2014.)

Table 1. New Application, Appeal, and RCE Backlogs and Pendency^a

FY	Patent Application Backlog	Traditional Patent Pendency (Months) ^b	PTAB Ex Parte Appeal Backlog	PTAB Ex Parte Appeal Pendency (Months) ^c	RCE Backlog	RCE First-Action Pendency (Months) ^d
2013	584,998	29.1	25,308	26	78,272	7.8
2012	608,283	32.4	26,484	23	95,200	5.9
2011	669,625	33.7	23,963	17	63,487	4.0
2010	708,535	35.3	17,754	12	40,939	2.4
2009	718,835	34.6	12,489	7.7	14,620	2.0

Source: USPTO

^a Green arrow indicates period of sustained decreasing backlog; red arrows indicate period of sustained increasing backlog or pendency.

^b Average number of months between an application's filing and its disposal.

^c Average number of months between PTAB assigning an appeal number and its making a decision.

^d Average number of months between the filing of an RCE and the examiner's initial decision.

The goal of AIA is to allow USPTO to process patent applications faster, reduce the patent backlog, increase patent quality through expedited patent challenges, and improve examiner recruitment and retention. AIA includes fundamental revisions to patent laws and USPTO practices, such as moving to a "first inventor to file" patent process to align the U.S. system with others worldwide, granting the agency authority to set and retain fees to ensure it has sufficient resources for its operations, and establishing satellite offices. The law also introduced new avenues for the public to challenge granted patents and replace previous options deemed inefficient. In September 2013, OIG issued a report¹⁰ on the status of USPTO's efforts to implement the provisions of AIA and found that most were successfully implemented. As of March 26, 2014—more than 2 years since AIA's enactment—USPTO successfully implemented 29 of the 35 provisions they were responsible for on-time; 4 are not yet due, and 2 are overdue.

Ongoing OIG Work

Modernizing IT and managing high-risk contracts at USPTO. As part of our fiscal year 2014 work plan, we are auditing USPTO's IT modernization projects. Our audit objectives are to:

- Assess the impact of IT contract termination decisions made as a result of the \$110 million IT budget reduction, as well as the appropriateness of project funding in the reduced budget environment.

¹⁰DOC OIG, September 30, 2013. *USPTO Successfully Implemented Most Provisions of the America Invents Act, but Several Challenges Remain*, OIG-13-032-A. Washington, DC: DOC OIG.

- Review the progress USPTO has made in implementing the recommendations from OIG’s fiscal year 2011 Patent End-to-End (PE2E) audit¹¹—specifically, the technical progress it has achieved to date, its use of the Agile methodology, and its plans for future PE2E development.
- Assess the project management and technical progress USPTO has made in its development and implementation of the Trademark Next Generation project, including its use of the Agile methodology.

Examining USPTO use of high-risk contracts. We have also initiated an audit of USPTO’s management of T&M/LH contracts, which constitute high risk to the Government.¹² In fiscal year 2013, USPTO obligated approximately \$572 million on contracts for goods and services; our objective is to determine whether its T&M/LH contracts are properly awarded and administered.

Ongoing OIG Investigation

We are looking into the work activities of paralegals in USPTO’s Patent Trial and Appeals Board (PTAB), many of whom were brought on board in anticipation of the hiring of additional administrative law judges. In 2008, USPTO had planned to significantly increase the number of judges in PTAB, in order to help reduce the backlog of appeals being reviewed by the Board. According to USPTO, due to budget reasons, judges were not hired according to plan; in 2013, OIG received a whistleblower complaint alleging that paralegals were not being assigned an adequate workload to occupy a full-time schedule. We referred this matter to USPTO management, which conducted an administrative inquiry and found that—over the 4.5 years from October 2008 to May 2013—approximately \$4 million dollars was billed to non-production time. After completion of USPTO’s inquiry, we subsequently initiated a follow-up analysis and expect to release a public report this later in 2014.

For further details, see Appendix D, “Reducing USPTO Backlogs and Other USPTO Issues.”

MANAGING THE DEPARTMENT’S FINANCES, CONTRACTS, GRANTS, AND OPERATIONS

Department-Wide Oversight

Challenges to the Department’s operational excellence include controls over budgetary resources, procurement, and overall financial management. Departmental leadership is addressing a number of related issues, including (A) the management of appropriated funds, (B) the Department’s and bureaus’ unliquidated obligations, (C) funds spent on conferences, (D) funds spent on premium class travel, (E) modernizing the enterprise financial management system, (F) the Department’s working capital fund, and (G) other obligations, including contracts and grants.

A. Addressing the unauthorized reprogramming of funds. In response to hotline complaints about mismanagement of appropriated funds within NOAA’s National Weather Service (NWS) in 2010 and 2011, the Department conducted a review that highlighted mismanagement of budgetary resources throughout NWS. The Department found significant management, leadership, budget, and financial control problems at NWS. Following the release of the report on its review, the Department identified specific actions for correcting the conditions that led to the report’s findings. The Department also reported related Antideficiency Act violations.

In our September 2013 review¹³ of these actions, we found that the Department and NOAA have taken steps to address the findings identified in the Department’s internal inquiry and completed many action items, but that additional work was needed to complete several key action plan items to ensure proper stewardship of funds and compliance with laws and regulations. Although several actions needed to be finalized or added, the Department has made progress in addressing most of the original action items related to these budget issues. In addition to its existing action plan items, we specifically recommended that the Department document an analysis of NOAA’s financial management leadership that addresses improper past practices and how the current leadership team can provide effective financial management direction. Continued Departmental leadership attention is essential to ensuring a culture of transparency, accountability, and effective oversight.

¹¹DOC OIG, September 29, 2011. *Patent End-to-End Planning and Oversight Need to Be Strengthened to Reduce Development Risk*, OIG–11–033–A. Washington, DC: DOC OIG.

¹²This audit is part of our risk-based oversight strategy developed to help the Department address management challenges in its acquisition function; for more on high-risk contracts, see *“Incurring risk from the use of high-risk contracts”* in the “Managing the Department’s Finances, Contracts, Grants, and Operations” section of this testimony.

¹³DOC OIG, September 13, 2013. *Status of Departmental Actions to Correct National Weather Service Mismanagement of Funds*, OIG–13–029–1. Washington, DC: DOC OIG.

B. Monitoring the Department's obligation balances. Our June 2013 report¹⁴ on the Department's controls over the management and closeout of obligation balances as of December 31, 2011, found inconsistent policies and processes, as well as inadequate monitoring activities. Specifically, we found original obligation balances that could not be verified, accounting records that did not accurately reflect Department obligations, bureaus that did not know the status of its obligations, and improperly liquidated contract obligations.

As a result of our work, we estimated that the amount of unliquidated obligation balances that the Department needed to deobligate was \$159 million as of December 31, 2011. The Department did not have adequate internal controls, policies, and procedures to ensure that bureau obligations were adequately monitored and deobligated when appropriate. To address these challenges, the Department's financial management and acquisitions units agreed to (1) issue joint final guidance on monitoring open obligations to their respective communities and (2) include routine obligation monitoring as a discussion topic during annual finance and acquisition training sessions. The guidance has not yet been finalized.

C. Overseeing conference spending. Since fiscal year 2012, the Department has developed and updated conference-related guidelines. These guidelines pertain to events that either require Office of the Secretary pre-approval or entail the Department or one of its bureaus to represent itself publicly as a host or co-host. The Department must continue to be transparent and responsive in its efforts to avoid conference mismanagement or missteps similar to those resulting in our recent audit report covering conferences hosted by NIST's Manufacturing Extension Partnership (MEP) program.

In response to a congressional request, we audited NIST-MEP conference spending to develop a reasonable cost estimate of the 2012 NIST-MEP annual conference held in Orlando and determine the legitimacy and reasonableness of travel costs for major conferences in fiscal years 2011 and 2012.¹⁵ OIG found that, for conferences held in fiscal years 2011 and 2012, NIST-MEP lacked adequate controls over much of its conference spending. We concluded that a NIST-MEP event planner retained concessions and benefits that could have been used to reduce the fiscal year 2012 conference's \$1.1 million cost—\$700,000 of which was spent by NIST-MEP. We recommended that NIST-MEP make a determination on the recovery of \$148,000 that its event planner collected for sponsorship fees and more than \$88,000 that the planner retained for both registration fees and a concession refund. Similarly, an evening reception, paid for with funds raised through the sale of sponsorships at the same conference, was held in lieu of reducing the overall cost. Further, NIST-MEP agreed to room rates for Government attendees that exceeded allowable maximum conference lodging rates in order to standardize rates for Government and non-government attendees, essentially subsidizing lodging costs to nongovernment attendees.

D. Overseeing premium travel spending. We recently examined fiscal year 2012 information on the Department's total premium-class travel approved for flight time in excess of 14 hours, as well as for medical disability, which totaled nearly \$1.4 million. The difference in cost between premium and coach fares for travel due to flight time in excess of 14 hours was approximately \$540,000, while the cost difference due to medical disability was approximately \$475,000. With the serious fiscal challenges requiring Federal Departments to operate as efficiently as possible, we advised the Department to (1) collect, analyze, and report data on premium-class travel on a periodic basis to the Office of Commerce Services and (2) examine ways to reduce premium travel costs. Additional OIG work in this area of the Department's operations will focus on premium-class travel, specifically on the effectiveness of controls over approving exceptions to premium-class travel restrictions.

E. Updating the enterprise financial management system. The financial control problems at NWS highlight the Department's need to implement stricter control over funds Department-wide. A lack of centralized data systems poses reporting and oversight challenges to the Department, such as effectively reporting financial data and monitoring financial activity across its bureaus.

The Department and most of its bureaus use a financial system developed with aging technology and augmented with in-house software that is increasingly difficult to maintain. This system currently addresses core financial accounting, financial management, grants management, acquisition management, and property management. However, limitations such as high support costs and a lack of system integra-

¹⁴DOC OIG, June 20, 2013. *Monitoring of Department's Obligation Balances Needs Strengthening*, OIG-13-026-A. Washington, DC: DOC OIG.

¹⁵DOC OIG, February 21, 2014. *Manufacturing Extension Partnership Incurred Avoidable Conference Costs*, OIG-14-013-A. Washington, DC: DOC OIG.

tion and lack of centralized reporting capability impede the Department's ability to oversee and manage Department-wide financial activities.

The Department plans to replace these legacy systems—collectively known as the Commerce Business System (CBS)—with Business Application Solutions (BAS), a commercially available system, by fiscal year 2018. The Department requested nearly \$40 million to support BAS implementation activities in fiscal year 2015. While the Department has provided OIG with regular updates on the status of this modernization project, significant challenges remain because (1) the implementation schedule is aggressive; (2) the Census Bureau must be successfully converted prior to the 2020 decennial; (3) BAS will be hosted by a shared-service provider; (4) separate component systems will need to interface with BAS; and (5) adequate funding is needed.

F. Managing the working capital fund. On March 28, 2014, we issued a draft report covering billing control issues related to the Office of the Secretary's working capital fund (WCF). This fund provides 62 services throughout the Department valued at nearly \$150 million annually. Our audit addressed issues on whether the Office of the Secretary's Financial Management Directorate charged customers using the correct billing rates and in accordance with Departmental guidelines. For 10 of the projects reviewed, we found that the Office of the Secretary Financial Management Directorate did not use current billing rates and/or the service providers did not have accurate supporting documentation for amounts charged to the customers. This problem was most noteworthy within the Office of General Counsel. Consequently, the customers receiving services from these projects were not billed correctly. We recommended that the Department require a process for all WCF service providers to capture and retain supporting documentation that accurately reflects the level of services provided to customers, and that the Office General Counsel develop an automated process to track attorney time, by customer and services provided. We provided the Department with our draft results and will issue our final report later in 2014.

G. Administering high-risk contracts and grant awards. In fiscal year 2013, the Department obligated about \$2.3 billion for goods and services that include satellite acquisitions, intellectual property protection, broadband technology opportunities, management of coastal and ocean resources, information technology, and construction and facilities management. Although the Department's spending requirements for goods and services have not diminished, available funding resources likely will remain uncertain. For this reason, the Department must maintain the workforce needed to carry out robust and thorough oversight of contracts to help program management achieve goals, avoid significant overcharges, and curb wasteful spending.¹⁶ Continuing to address high-risk contracts and maintaining a qualified acquisition workforce will enable better management of the Department's day-to-day spending.

OIG also provides oversight of the Department's management of more than 70 programs authorized to award grants or cooperative agreements. Each program has its own rules, regulations, and eligibility requirements. In addition, OIG provides oversight to the National Telecommunications and Information Administration's management of the Department's most significant grant-awarding initiative over the last 5 years, the Broadband Technology Opportunities Program (BTOP). Of the Department's grants programs, BTOP entails the most challenging awardee spending issues.

Incurring risk from the use of high-risk contracts. In July 2009, the Office of Management and Budget's (OMB's) Office of Federal Procurement Policy issued contracting guidance to chief acquisition officers and senior procurement executives. The guidance—stating that time and materials/labor hour (T&M/LH) contracts, cost-reimbursement contracts, and noncompetitive contracting pose special risks of overspending—directed agencies to reduce by at least 10 percent the use of high-risk contracting authorities for new contract actions. For fiscal year 2013, the Department reported that it exceeded its goals in reducing the dollar amount of high-risk contracts, and it continues to track its goal based on OMB's 2009 guidance. However, our audit results indicate that a critical challenge remains in the use of high-risk contracts.

¹⁶The President has acknowledged contract oversight as a Federal Government-wide priority; see The White House, Office of the Press Secretary, March 4, 2009, *Memorandum for the Heads of Executive Departments and Agencies: Government Contracting*.

In a report issued in November 2013,¹⁷ we reported weaknesses in the awarding and administering of T&M/LH contracts. We found that Departmental contracting officers did not award T&M/LH contract actions in accordance with the requirements of the Federal Acquisition Regulation and the *Commerce Acquisition Manual*. T&M/LH contracts are considered high-risk because the contractor's profit is tied to the number of hours worked. We also noted that contract actions in our sample were incorrectly coded in the Federal Procurement Data System (FPDS).

The Department's challenge is to better monitor and evaluate its T&M/LH contracts through the acquisition review board and investment review board processes, which are used to manage the Department's major acquisitions of goods and services. A further challenge it faces is to improve the processes for entering accurate and complete data in FPDS. Effective implementation of the Department's measures will be crucial to ensuring that the Department properly awards, administers, and reports high-risk T&M/LH contracts.

Tightening controls over use of Federal funds by award recipients. Grant oversight requires that recipients of awards meeting certain dollar thresholds submit either a Circular A-133 single audit report or a program-specific audit report. For the period January 1, 2011—December 31, 2013, these programs issued approximately 4,166 awards amounting to \$3.8 billion. We review an average of 350 finding reports a year; of those, about 8 percent will have significant procedural or internal control findings. These types of awards pose particular oversight challenges for the Department. OIG continues to review these audit reports to identify trends in findings across bureau programs, as well as to monitor whether findings are resolved in a timely manner. Twice annually, we provide the Department an analysis of our review's results and post it on our Web site.

Table 2 presents averages of the single audit and program-specific audit reports that OIG reviewed during the period January 1, 2011—December 31, 2013, the number of material findings, and amounts of questioned costs and funds to be put to better use reported. We have noted a problematic indicator in the Economic Development Administration's (EDA's) revolving loan fund program, NTIA's BTOP, and the National Institute of Standards and Technology's (NIST's) Advanced Technology/Technology Innovation Program. It is important that all Departmental program and grants management offices review these findings and implement internal controls to address the root causes of the findings, which may require program or grant operations changes in order to improve grant recipients' compliance with laws and regulations.

¹⁷DOC OIG, November 8, 2013. *The Department's Awarding and Administering of Time-and-Materials and Labor-Hours Contracts Needs Improvements*, OIG-14-001-A. Washington, DC: OIG.

Table 2. Analysis, by Bureau, of OIG-Reviewed Single Audit Reports: Annual Average (from January 1, 2011, Through December 31, 2013)^a

Bureau	Reports Reviewed	Reports with Material Findings ^b	Material Findings	Questioned Costs ^c	Funds Put to Better Use ^d
EDA	103	8	23	1,288	1,990
NOAA	45	4	14	2,277	0
NTIA	52	6	22	2,363	0
NIST	78	11	25	1,057	96
Other ^e	72	0	0	0	0
TOTAL	350	29	84	6,985	2,086

Source: OIG

^a The table does not include less significant procedural or internal control findings, the resolution of which OIG does not monitor; ^b *material findings* are those with questioned costs greater than or equal to \$10,000 and/or significant nonfinancial findings; ^c *questioned costs*, shown here in thousands of dollars, are subject to change during the audit resolution/appeal process; ^d *funds to be put to better use*, shown here in thousands of dollars, are subject to change during the audit resolution/appeal processes; ^e *other* includes the International Trade Administration (ITA), the Minority Business Development Agency (MBDA), and *multiple*, which are single audit reviewed programs from more than one bureau.

To improve controls over award recipients' use of Federal funds, bureaus need to review these single audit and program-specific audit reports and take action on the report findings.

Ongoing OIG investigation into NOAA grants. As a result of a whistleblower's disclosures to OIG, we are currently looking into grants issued by NOAA to nine National Estuarine Research Reserve System (NERRS) facilities for approximately \$1 million. In January 2013, Congress appropriated \$7 million to NOAA "to repair and replace ocean observing and coastal monitoring assets damaged by Hurricane Sandy." The whistleblower, whose identity is being protected by OIG, alleged that a NERRS facility applied for and was awarded grant funds even though their equipment was not damaged by Hurricane Sandy, as required under the law. Our public report will be released in 2014.

Agency Oversight

Managing Broadband Technology Opportunities Program (STOP) award closeouts. With approximately \$3.9 billion in grant awards, the Recovery Act-funded BTOP represents the Department's largest grant program over the last 5 years. Of the Department's grants programs, BTOP entails the most challenging awardee spending issues.

As of March 17, 2014, about 15 percent of BTOP funds remain to be disbursed—and only 21 of 224 projects had been closed, with another 174 in the closeout process and 29 (representing about \$900 million in awards) remaining active. Some of these awards have been extended to September 30, 2015. Management must remain

committed to monitoring BTOP recipient compliance with grant award terms and achievement of intended benefits as the program nears completion.

Addressing concerns with BTOP grants' closeout process. The audit closeout process¹⁸ calls for particular attention. OIG's December 20, 2013, report¹⁹ identified that BTOP's award closeout process (a) is taking longer than expected, particularly with infrastructure projects and (b) could be improved by strengthening closeout policies and procedures and ensuring the consistent implementation of those policies and procedures in place. NTIA and the grants offices (NOAA and NIST) supporting NTIA in the implementation of BTOP have taken or are in the process of taking to strengthen the closeout process.

Answering congressional questions about a BTOP awardee. Recently completed and ongoing audit work has indicated the need for continued management attention to awards that remain open and significant issues that they entail. On May 9, 2013, we received a request from the House to review a \$100.6 million grant that BTOP awarded to EAGLE-Net Alliance (ENA). In responding to questions relating to the grant in a January 23, 2014, letter, our review found that the revised project will involve additional miles of constructed and leased fiber, with some of the completed fiber being laid in proximity to existing fiber. In addition, we found that two-thirds of the grant funds had been spent before NTIA addressed problems that led to suspension of the award in December 2012. Further, ENA faces challenges that include the project's ability to fully achieve the award's intended results (e.g., connections will be achieved with only 131 of 223 intended community institutions) and continued internal control issues.

Examining issues with BTOP equipment acquisitions. Previous OIG oversight identified BTOP equipment (e.g., fiber, base tower stations, switches, microwave radio equipment) as a concern. As a result, we initiated a review with objectives to determine whether NTIA has the personnel and processes in place to monitor grantees' equipment acquisitions and assess whether grantees have appropriately acquired, tested and implemented the most effective equipment. As part of this review, we performed site visits of six recipients of BTOP awards for deploying broadband. On March 24, 2014, we issued a draft report to NTIA that credits the agency with establishing processes to monitor recipient's implementation of awards—but identifies weaknesses in grantee acquisition and implementation of equipment and recommends steps to improve NTIA's oversight controls.

Supporting International Trade Administration (ITA) export programs under a new organizational structure. Promotion of U.S. exports is a critical mission of the Department. For fiscal year 2015, the Department has requested \$497 million to support export promotion and regulation. ITA's U.S. and Foreign Commercial Service, within the Global Markets business unit, provides a broad range of services and counseling to U.S. exporters; other ITA business units—such as Enforcement and Compliance, as well as Industry and Analysis—enforce trade agreements and protect domestic industries such as manufacturing and textiles.

ITA's challenge is to complete its internal reorganization. Effective October 1, 2013, the Department consolidated ITA's four existing business units into three to eliminate overlapping functions and streamline operations. ITA states that the functional realignment will consolidate regional expertise, strengthen industry expertise and strategic partnerships, and consolidate trade agreement compliance and trade law enforcement. In February 2014, we initiated an audit of ITA's consolidation to evaluate its progress, assess whether any cost savings have been realized, and identify any remaining challenges to this effort.

Reforming Bureau of Industry and Security (BIS) export control. The United States' export control system is distributed among several different licensing and enforcement agencies. Within the Department of Commerce, the Bureau of Industry and Security (BIS) administers and enforces the Export Administration Regulations, which apply to controlled dual-use items and technology. These regulations serve to support and advance the national security, foreign policy, nonproliferation, and short supply interests of the United States. BIS' two primary functions, licensing and enforcement, are handled by Export Administration and Export Enforcement, respectively.

The Export Control Reform (ECR) Initiative, launched in April 2010, is a three-phase effort to streamline the Nation's export control system by consolidating the export control efforts of multiple Federal agencies. As part of the export control re-

¹⁸This process entails the award recipient and the grants office ensuring that project activity is complete and the award recipient has met all the requirements under applicable laws, regulations, OMB circulars, and award terms and conditions.

¹⁹DOC OIG, December 20, 2013. *Closeout Procedures for the Broadband Technology Opportunities Program Need Strengthening*, OIG-14-010-A. Washington, DC: OIG.

form, BIS has begun assuming increased licensing and enforcement responsibilities for former munitions items that have moved under Department of Commerce jurisdiction. The challenge for BIS will be to ensure that it has adequate licensing and enforcement resources to handle its new responsibilities.

In May 2013 we initiated an audit in response to a congressional request and as part of our annual audit plan. Our objectives were to (1) review the adequacy of BIS' program plans and budget requests to address the increased workloads for licensing, outreach, and enforcement activities in fiscal years 2014 through 2016 and (2) evaluate existing BIS licensing, outreach, and enforcement activities and identify any areas for increased efficiencies. We focused our analysis on areas of BIS most affected by ECR—namely its licensing divisions, outreach office, and enforcement offices (excluding antiboycott compliance).

On March 19, 2014, as a result of our fieldwork—and in response to a whistleblower complaint—we issued a memorandum to the BIS Under Secretary and the Department of Commerce's Chief Information Officer expressing our concerns with BIS' compliance with the Presidential directive to consolidate its export licensing system with the Department of Defense's U.S. Export Systems (USXPORTS) automation initiative. The Department of Commerce, in response to our memorandum, scheduled a May 1, 2014, Commerce IT Review Board meeting to discuss the status of BIS migration.

Addressing issues with NOAA satellite accounting. Over the past 3 fiscal years, the accounting firm KPMG noted several significant control weaknesses at NOAA related to accounting for satellites. Specifically, KPMG identified that NOAA in fiscal year 2013 incorrectly classified a satellite instrument not operational at year end as completed property. This error resulted in a \$125 million adjustment to correct property values originally recorded by NOAA. In addition, NOAA capitalized all costs associated with JPSS without review to ensure that only capitalizable costs are included in construction work-in-progress. Further, KPMG identified that NOAA did not receive and review the supporting documentation for \$182.6 million in costs included in intragovernmental payments.

Managing NOAA real property leases. Senate Appropriations Committee Report 113-078, related to the fiscal year 2014 budget, stated that NOAA (a) has a large inventory of real property commercial leases being held over beyond their agreed occupancy and (b) had hundreds of real property leases expiring over the next 4 years that will likely go into holdover, unless NOAA took action. Regarding these issues, we collected information on over 2,500 real property leases from NOAA's inventory valued at over \$166 million. As of February 2014, NOAA had 122 properties with nearly \$2 million in annual rent in holdover status. This represents a 31 percent reduction from the 177 lease holdovers NOAA reported in August 2012. NOAA must continue to address each of its existing holdover leases—and look ahead to those about to expire to ensure that these numbers do not rise.

STRENGTHENING FIRST RESPONDER NETWORK AUTHORITY (FIRSTNET) TO SUPPORT ECONOMIC GROWTH

Overseeing the First Responder Network Authority and the Implementation of the Nationwide Public Safety Broadband Network

The Middle Class Tax Relief and Job Creation Act (The Act), signed by the President on February 22, 2012, included language that allocated some existing public safety radio frequency spectrum—along with the “D-Block” spectrum—and authorized \$7 billion in funding for the establishment of an interoperable Nationwide Public Safety Broadband Network (NPSBN). To oversee the existing public-safety spectrum and deployment of the NPSBN, the law requires the establishment of an independent authority within NTIA called First Responder Network Authority (FirstNet).

FirstNet faces several challenges as it works toward providing emergency responders with a high-speed network dedicated to public safety. The initial challenge to FirstNet is establishing an organizational structure with strong internal controls. Building an effective organization will be essential to meet the subsequent challenges it faces in establishing the NPSBN. Those include:

- Fostering cooperation among various State and local public safety agencies.* Committing iterative effort to effective outreach and forging cooperation will be essential to building the NPSBN and obtaining participation from the public safety personnel the network is designed to serve.

- Integrating existing STOP grants into the NPSBN.* FirstNet should use four previously funded BTOP public safety wireless projects²⁰ as an opportunity to learn about telecommunications network equipment, best practices for NPSBN deployment, and other issues.
- Creating a nationwide long-term evolution network.* The limited funds available to implement a nationwide network that meets public safety grade standards will make implementation of NPSBN a challenge, particularly in geographic areas that are not profitable for commercial provider operations. To ensure a cost-effective NPSBN implementation, FirstNet must identify existing assets through coordination efforts.

FirstNet held its first meeting in September 2012 and has since made certain key hires; established a headquarters in the Washington, DC, area; and awarded three contracts for technical support and one contract for general program management and acquisition support.

Ongoing FirstNet Oversight

In October 2013, the FirstNet board requested that OIG take over the review of certain allegations concerning the board's procurements and potential conflicts of interest. We initiated an audit in November 2013 with the objectives of assessing (1) the rationale used to support the decision for selecting time and material and sole-source contract types for the three contracts with a total ceiling price of \$14,350,000; (2) whether those contracts were fairly awarded and appropriately administered; (3) whether the services purchased under those contracts met industry standards, and were consistent with the needs of the project; and (4) FirstNet's process of reviewing ethics-related matters as they pertain to the board, as well as any associated ethical determinations. We expect to issue our report later in 2014. We are also following up on any specific issues relating to our audit.

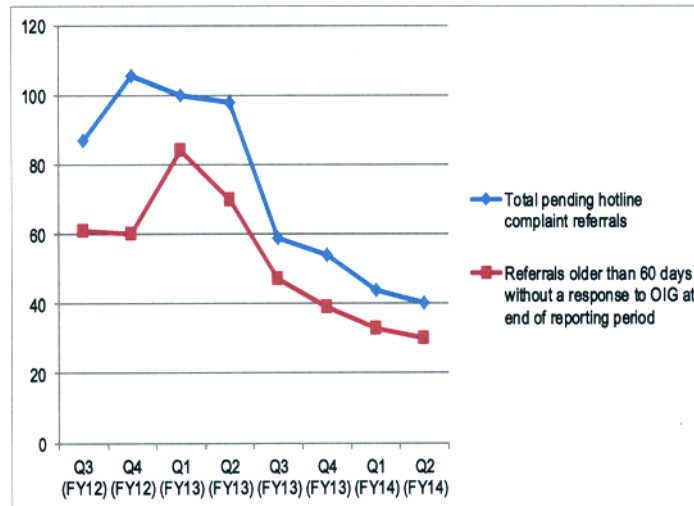
The subcommittee should be aware that, since FirstNet is not funded through appropriations, the Department, responding to OIG's request, agreed that OIG would submit a request to FirstNet for oversight funding, which we did in September 2013. While we are yet to receive any funding—and the details of the transfer have not been finalized—we now understand that FirstNet intends to transfer funding sufficient for 3 full-time equivalents to OIG for the balance of fiscal year 2014. Without funding in First Net's authorizing legislation, OIG will be required to make annual requests for funding from FirstNet.

RESOLVING ETHICS AND COMPLIANCE ISSUES RAISED BY WHISTLEBLOWERS

Over the past year, the Department has made progress in dealing with issues raised by whistleblowers over OIG's hotline. In addition to allegations of fraud and serious misconduct which we investigate, OIG often receives complaints from employees and members of the public raising ethics, compliance, or management issues; we provide these complaints to operating unit leadership to address and resolve. This program ensures that information about potential risks received over our hotline is communicated promptly to operating unit management, so that they may quickly address problems. In some cases, OIG asks that operating units respond and summarize their findings, to ensure that management has sufficiently addressed the matter.

In fiscal year 2013, OIG received almost 1,300 contacts over our hotline, of which about 600 were whistleblower complaints related to the Department's programs and operations. Since the beginning of fiscal year 2013, operating units have worked effectively to resolve issues provided to them on OIG hotline complaints, reducing by more than half what had become a major backlog in early fiscal year 2013. As of the end of the second quarter of fiscal year 2014, the Department had only 40 hotline complaints for which OIG was awaiting an initial findings report—compared to 98 pending only 1 year prior (see figure 2).

²⁰Before the creation of FirstNet, NTIA made approximately \$382 million in grant awards to seven public safety projects to deploy public safety wireless broadband networks. On May 11, 2012, NTIA partially suspended these seven public safety projects. Subsequent negotiations were held to determine whether they would be beneficial to FirstNet; as a result, FirstNet established spectrum lease agreements with four of the seven public safety BTOP projects.

Figure 2. Complaint Referrals to Bureaus Awaiting Initial Response

Source: OIG data

As a result of the Department and operating units prioritizing and addressing OIG hotline referrals, several issues have been resolved, resulting in better management practices and administrative remedies. In fact, of the hotline referrals resolved in fiscal year 2013, the Department's leadership found about one in four contained issues that were substantiated in their management inquiries. Even in cases where inquiries did not find issues, the process of looking into issues often helps communicate to staff that compliance and ethics issues are taken seriously. Examples of successfully resolved issues from OIG hotline referrals include the following:

- In early fiscal year 2013, OIG referred a whistleblower complaint to NTIA, which confirmed that a BTOP grantee had not paid employees appropriate wages as mandated by the Davis-Bacon Act. NTIA informed the grantee of the issue, and appropriate action was taken to remunerate employees as required by the law.
- In late 2011, OIG received a whistleblower's hotline complaint alleging that a Census Bureau employee was publishing political opinions while on duty. Census looked into the issues and, with additional support from OIG, uncovered evidence demonstrating that the employee had used Twitter to publish political opinions while at work. In 2012, we referred our file to Office of Special Counsel (OSC), which has the authority to look into Hatch Act violations. In February 2014, OSC issued a press release announcing that it had confirmed the allegations, and was concluding its investigation. The employee resigned prior to OSC concluding its case.
- In mid-2013, as the result of a whistleblower tip to OIG's hotline, USPTO confirmed that an employee had been improperly claiming work time and overtime while on vacation in a foreign country. During the course of its inquiry, USPTO discovered that the employee had provided username and password information to a second USPTO employee, who logged into his account and submitted previously-completed work while on leave. This gave management the impression that the employee was working while actually on vacation. Administrative action is pending against both.

While the Office of the Secretary and most operating units have made progress handling OIG hotline complaints, NOAA still faces challenges in this area. Leadership needs to give more timely attention to resolving recommendations made at the conclusion of OIG investigations and its own management reviews. When OIG or management substantiates allegations, we frequently transmit to program management our concluding report—which may be accompanied by recommendations to

take appropriate administrative, disciplinary, or other policy actions. Departmental policy requires operating units to respond to OIG within 60 days of receiving our report to inform us of any actions that have been taken or that are planned. Improved coordination among the Department's Office of General Counsel, operating unit leadership, and human resources offices would help ensure that appropriate action is executed in a timely manner.

NOAA, however, currently has five pending OIG investigations that it has yet to take adequate action on, including two cases where senior scientists used Government computers to view inappropriate online content. Four of these five investigations were transmitted to NOAA more than 180 days ago, including two that remain older than 1 year without any action. In order for NOAA to comply with Departmental policies and foster a culture of management accountability, leadership must more diligently resolve OIG's investigative recommendations.

APPENDIX A: ADDRESSING ISSUES WITH NOAA WEATHER SATELLITE PROGRAMS

Managing risks in the acquisition and development of the next generation of environmental satellites is a continuing challenge for the Department. In February 2013, GAO added "Mitigating Gaps in Weather Satellite Data" to its high-risk list.²¹ The two most prominent programs,²² the Joint Polar Satellite System (JPSS) and the Geostationary Operational Environmental Satellite-R Series (GOES-R), together account for one-third of NOAA's fiscal year 2015 budget request. They are also the largest investments in the Department, accounting for more than 20 percent of the Department's \$8.8 billion budget proposal.

NOAA's JPSS and GOES-R satellites will provide data and imagery for weather forecasting—including severe-storm tracking and alerting—and the study of climate change—and help lead and sustain the Nation during severe weather events. However, because of cost overruns, schedule delays, and the aging of NOAA's current constellation of satellites, NOAA has had to take steps to mitigate potential coverage gaps for these critical assets.

JPSS evolved from a predecessor program fraught with cost overruns and schedule delays. NOAA's JPSS program uses the National Aeronautics and Space Administration (NASA) as its acquisition agent, leveraging that agency's procurement and systems engineering expertise—an arrangement based on previous partnerships between the two agencies. In its fiscal year 2015 budget submission, NOAA requested \$916.3 million and reported that the JPSS program, running through 2025, would cost \$11.3 billion. The first JPSS-developed satellite (JPSS-1) is scheduled for launch no later than the second quarter of fiscal year 2017. GOES-R, with scope and importance comparable to JPSS, experienced development and budgetary challenges that could delay the launch readiness date of its first satellite from the first to the second quarter of fiscal year 2016. NOAA requested \$980.8 million for fiscal year 2015 for the GOES-R series of satellites that will provide uninterrupted short-range severe weather warning and "now-casting" capabilities through 2036. With four satellites (the GOES-R, -S, -T, and -U), the program is estimated to cost \$10.8 billion over the course of its life cycle.

JPSS

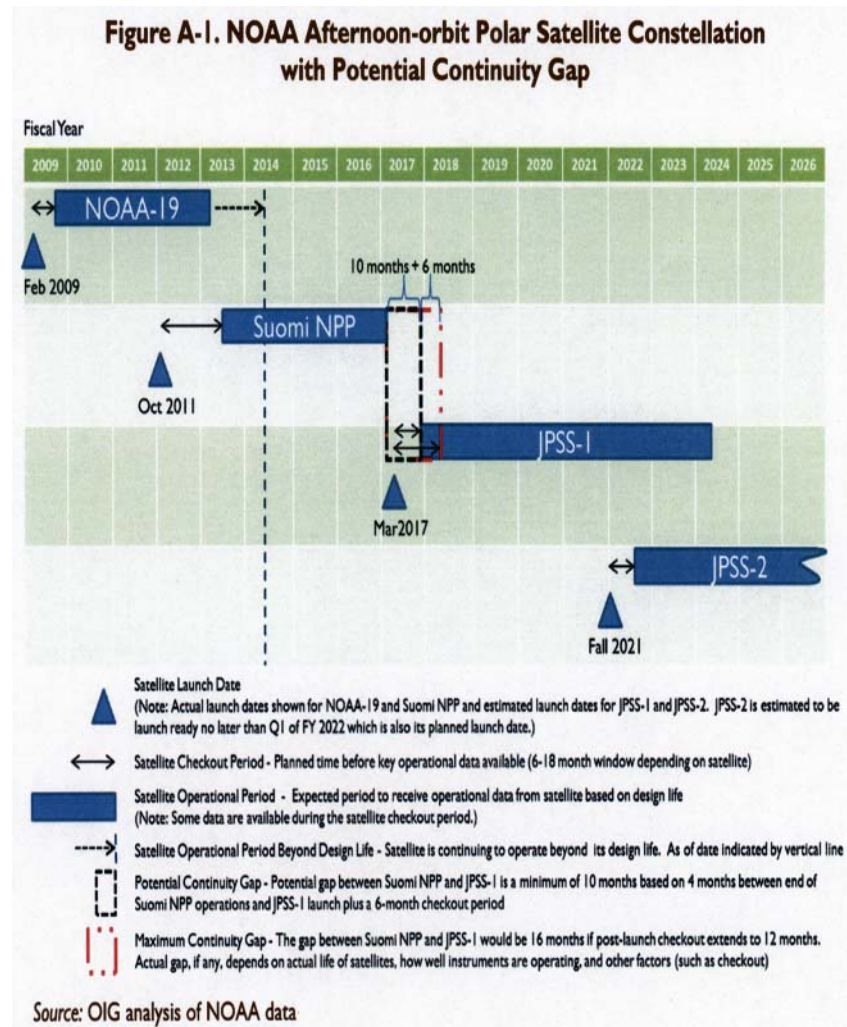
In November 2013, NOAA's independent review recommended that NOAA's polar satellite launch policy be changed so that two satellite failures must occur in order for a gap in data to be realized. It recommended that NOAA promptly start a "gap filler" mission—likely a smaller satellite with key instruments—to provide additional fault tolerance to the JPSS constellation. Further, it recommended that NOAA immediately procure additional satellites to extend the JPSS constellation beyond JPSS-2, which would protect against future gaps and make current development more robust and efficient by providing needed spare parts and flexibility in fabrication and testing.

NOAA has begun to mitigate potential degradation to weather forecasting capabilities during polar-orbit data coverage gaps through the use of supplemental funding it received as part of the Disaster Relief Appropriations Act, 2013. NOAA should ensure that its gap mitigation plan is executed before the November 2016 design-life end of Suomi National Polar-orbiting Partnership (NPP), a risk-reduction satellite launched in October 2011 that is flying the first versions of JPSS sensors.

²¹ U.S. General Accountability Office, February 2013. *High-Risk Series: An Update*, GAO-13-283. Washington, DC: GAO, 155–160.

²² Other satellite acquisitions include Jason-3, which will measure sea surface height, and Deep Space Climate Observatory, which will provide advance warnings of solar storms affecting Earth.

Consistent with our September 2012 JPSS audit report,²³ we continue to project a potential 10–16-month gap between Suomi NPP's end of design life and when JPSS-1 satellite data become available for operational use (see figure A-1). NOAA's medium-range weather forecasting (3–7 days) could be degraded during the period of time JPSS data are unavailable.

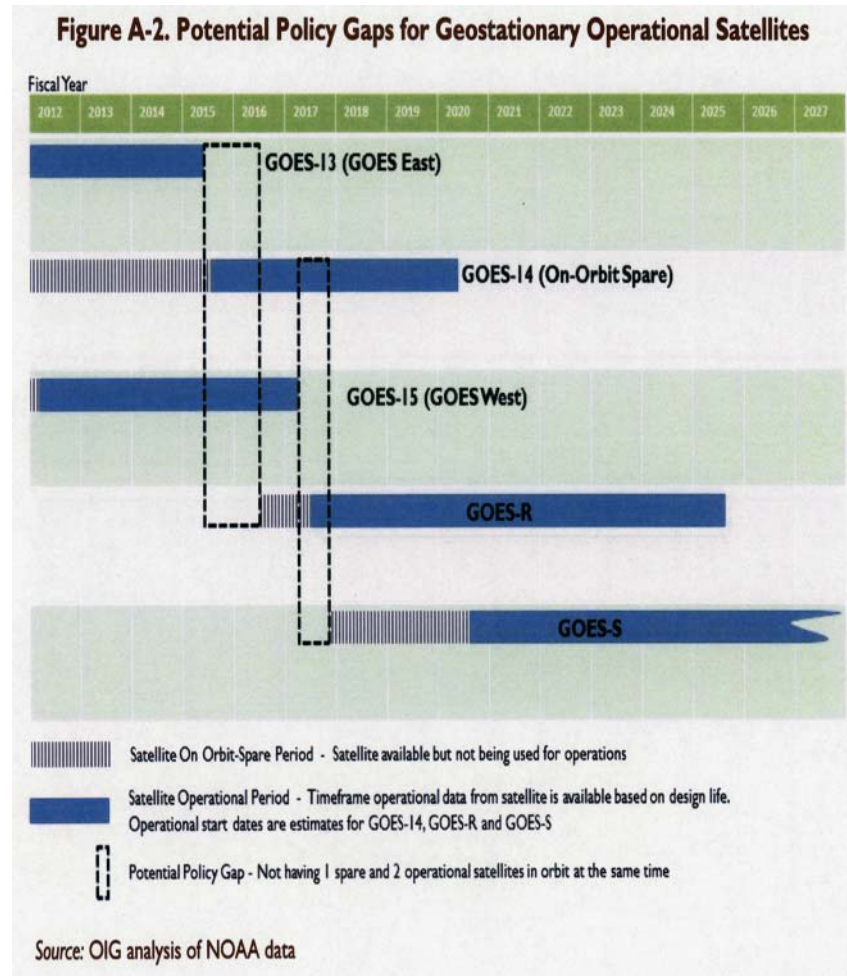


GOES-R

NOAA's policy for its geostationary satellites is to have three satellites in orbit—two operational satellites with overlapping coverage and one spare for backup. Currently, GOES-13, GOES-14, and GOES-15 are in orbit (see figure A-2). However, GOES-13 is due to be retired in fiscal year 2015, at which time GOES-14 is projected to become operational. GOES-15 is due to be retired in fiscal year 2017.

²³ U.S. Department of Commerce Office of Inspector General, September 27, 2012. *Audit of the Joint Polar Satellite System: Continuing Progress in Establishing Capabilities, Schedules, and Costs Is Needed to Mitigate Data Gaps*, OIG-12-038-A. Washington, DC: Department of Commerce OIG.

GOES-R is scheduled to be launched in October 2015, but there is a risk of launch delay. NOAA may not be able to meet its policy of having an on-orbit spare, even without a GOES-R launch delay, based on current GOES satellites' projected retirement dates. Furthermore, a launch delay for GOES-R beyond October 2015 increases the risk that only one geostationary imager will be in orbit—which would severely limit NOAA's capability to visualize and track severe weather events.



APPENDIX B: MANAGING THE CENSUS BUREAU'S 2020 DECENNIAL PLANNING

2020 Decennial

Through our ongoing work on the Census Bureau's approach to and progress on planning for 2020 decennial census we have identified three time-sensitive Bureau management priorities:

- Completing timely research for making evidence-based design decisions.
- Integrating schedule and budget to provide valid, timely, accurate, and auditable performance information on which to base project management decisions.
- Accurately recording costs in the accounting system.

Completing timely research for making evidence-based design decisions. To reduce 2020 Census costs, the Bureau is conducting research that focuses on several design

features. Conducting research and testing is necessary to implement the changes needed to save the Government hundreds of millions of dollars (see table B-1).

Table B-1. Costly 2010 Census Operations and 2020 Research Efforts to Address Them

2010 Census Cost and Operation		2020 Research Aimed to Reduce Costs
\$2 billion	Enumerating nonresponding households	Can the number of household visits be reduced by finding an alternative, less costly response option? Can existing government records fill in missing information?
\$790 million	Building a one-time-use field data collection automation system	Can reusable enterprise-wide solutions be built and expanded to meet decennial needs?
\$473 million	Ensuring that labor, systems, and development are in place to process and capture the data for more than 164 million paper questionnaires at three data centers	Can the number of paper questionnaires be reduced through an Internet response option? Can an automated field data collection reduce the paper workload? Can the reduced paper workload result in fewer data capture centers?
\$444 million	Having an end-of-decade address and geography updating operation	Can Census maps and addresses be efficiently updated throughout the decade, with areas experiencing change accurately targeted to reduce the amount of end-of-decade canvassing?
\$330 million	Leasing 494 local and 12 regional Census offices	Can distance management, training, and automated processes allow the Census Bureau to reduce the number of temporary Census offices?

Source: OIG analysis of Census Bureau documents

Integrating schedule and budget to provide valid, timely, accurate, and auditable performance information on which to base project management decisions. Last decade, OIG recommended that the Census Bureau integrate cost and schedule. In response, the Bureau planned to incorporate earned value management (EVM), a process that combines measures of a project's schedule and cost to forecast performance problems. As of March 2014, the Bureau had not incorporated EVM into its activity schedules. Because of the Bureau's budget and time constraints, management must be able to recognize at-risk projects by adopting EVM to make sound project management decisions.

Accurately recording costs in the accounting system. To effectively manage a program of the size, complexity, and cost of the 2020 Census—and assess the return on investment of research efforts—managers require accurate accounting records. However, we recently found that many Census Bureau staff stated that they are charging to projects based on budgeted hours rather than actual hours worked. Inadequate accounting for an employee's actual work and level of effort required in accomplishing project goals, as well as inaccurate project costs, hinder the Bureau's

ability to assess the return on investment of research efforts. Additionally, these issues affect the Bureau's ability to make informed decisions about how to accomplish budget reductions.

APPENDIX C: ENHANCING DEPARTMENTAL CYBERSECURITY

Cyber Incident Response

During the past year, the Department has made improvements to incident detection and response capabilities at DOC CIRT. For example, the Department conducted an internal assessment of DOC CIRT policies, procedures, and capabilities. It focused on strengthening DOC CIRT's organizational structure; its roles and responsibilities; and operating unit procedures for incident identification, analysis, response, and reporting. The Department's chief information officer has also (a) taken steps to ensure that all DOC CIRT staff meet Department training and certification requirements and (b) implemented an incident tracking system. In addition, the Department arranged to have the Department of Homeland Security conduct an independent assessment, focusing on incident management capabilities within the Department of Commerce.

Enterprise Cybersecurity Initiatives

Table C-1, below, provides the goal, along with updated implementation status and issues, for each initiative since we issued the fiscal year 2014 *TMC* report:

Table C-1. Department's Enterprise Cybersecurity Initiatives

Enterprise Initiatives	Initiative Goal	Implementation Status	Issues
ECMO	Provide nearly real-time security status, support for patch management, and remediation of software configuration issues for Department-wide system components	- Initial capability has been implemented on more than 32,000 system components (e.g., desktops, laptops, and servers) across HCHB operating units. - Upon full deployment in September 2014, ECMO will support more than 100,000 system components throughout the Department.	Delays in implementation by several bureaus may result in missing the September 2014 deadline.
ESOC	Provide Department-wide security situational awareness to senior Departmental and operating unit managers	Currently in the planning stage, the Department has - Completed detailed assessments of incident handling capabilities in HCHB and NOAA, and a high-level assessment across the Department. - Concluded a technical capabilities study that resulted in an initial and final operating ESOC architecture, along with recommendations for achieving both. - Selected NOAA's Fairmont, WV, facility to house ESOC.	The initiative faces challenges acquiring project resources beyond FY 2015.
TIC	Consolidate Department external network connections and provide better monitoring of cyber threats from the Internet	- All bureaus—except the Bureau of Industry and Security (BIS), the Census Bureau, and NOAA—have acquired a TIC service. - BIS will acquire TIC services by May 2014. - Census has not implemented TIC because of concerns about third-party access to sensitive Title 13²⁴ data. - NOAA has made progress becoming its own TIC access provider (TICAP) by March 2015. OCIO is encouraging NOAA to meet TICAP requirements sooner.	BIS is working with its selected service provider to resolve technical issues. Census and the Department of Homeland Security have developed an amendment to a Department of Commerce memorandum of understanding to ensure that the confidentiality of Title 13 data is protected.

Source: Department of Commerce

NOAA continues to make progress toward becoming its own TIC provider and the Census Bureau and BIS have made notable progress toward acquiring TIC services. The TIC initiative should significantly reduce the risks associated with external net-

²⁴Title 13 guarantees the confidentiality of information obtained by the Census Bureau and establishes penalties for disclosing this information.

work and Internet connections. Accordingly, the Department has encouraged NOAA to complete its TIC implementation quickly.

APPENDIX D: REDUCING USPTO BACKLOGS

Reducing Patent Application Backlogs

USPTO, as the authority for reviewing and adjudicating all patent and trademark applications, must continue to focus on the challenge of reducing the time applicants wait before their patent applications or appeals are reviewed. The agency's recent efforts to address its application and appeal backlogs and related pendency issues have yielded mixed results. Both the backlog and pendency for patent applications decreased in fiscal year 2013 (see figure D-1a). Between October 2009 and September 2013, the patent backlog decreased from approximately 720,000 unexamined new applications to approximately 585,000. Since we issued the fiscal year 2014 *TMC* report in November 2013, the new application backlog has increased to 604,700 (as of February 2014). The patent appeals backlog—which we reported on in our 2012 audit²⁵—has begun to slowly decrease and, as of November 2013, stands at approximately 25,000, still almost twice the size of the backlog in October 2010.

However, USPTO's backlog for requests for continued examination (RCE) has experienced the most variability, growing from 17,800 applications in October 2009 to approximately 78,000 in September 2013 (see figure D-1b), an increase of more than 340 percent. As a consequence, during the same period, the average waiting time between filing an RCE and receiving an initial decision has grown from 2.1 to 7.8 months (see figure D-1b). From the beginning of the fiscal year until February 2014, the RCE pendency has decreased to 6.9 months, but the RCE backlog still hovers near 80,000. By law,²⁶ USPTO must provide a patent term adjustment²⁷ for an issued patent when it takes USPTO more than 4 months to issue a preliminary RCE determination.

²⁵ U.S. Department of Commerce Office of Inspector General, August 10, 2012. *USPTO's Other Backlog: Past Problems and Risks Ahead for the Board of Patent Appeals and Interferences*, OIG-12-032-A. Washington, DC: DOC OIG.

²⁶ 35 U.S.C. § 154(b)(1).

²⁷ A patent term adjustment legally requires USPTO to extend the 20-year patent term because of agency delays, subject to limitations.

Figures D-1a and D-1b. Patent Backlog and Pendency Decreases (a) and RCE Backlog and Pendency Increases (b) Through February 2014

Figure D-1a

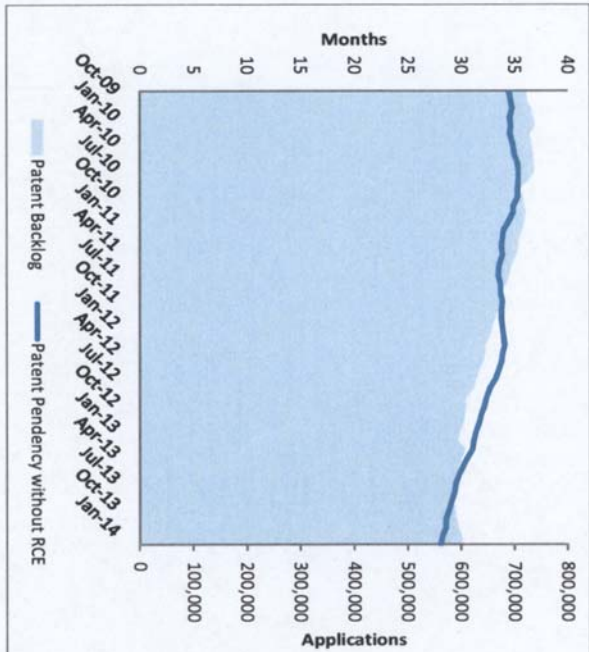
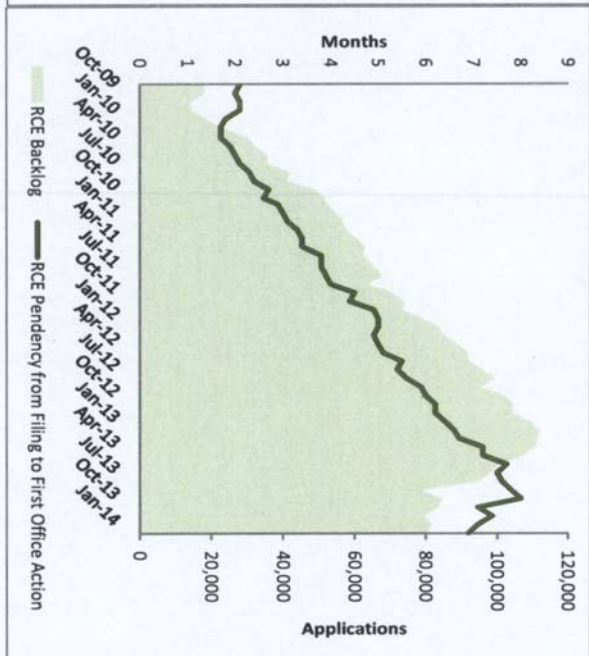


Figure D-1b



Source: USPTO data

To address the substantial increases in the RCE backlog and average waiting time, USPTO (a) initiated outreach efforts to identify why applicants file RCEs and (b) implemented policy changes in April 2013 and October 2013. These policy changes affected the amount of credit examiners received for reviewing RCEs, as well as the docketing procedures. Our current audit, initiated in June 2013, examines the causes for this backlog and assesses USPTO's efforts to remedy it. We anticipate issuing a final report with our findings and recommendations in late spring 2014.

As it works to reduce its patent backlog and pendency (see figure D-1a), USPTO's challenge is to ensure that the quality of its patent examination process is not adversely affected and to avoid requiring applicants and the public to file unnecessary and costly challenges to examiners' decisions.

Senator MIKULSKI. Well, Madam Secretary, thank you for that testimony.

WEATHER SATELLITES

I would bring everyone's attention to the Department of Commerce's strategic plan. We actually have one called "Open for Business," how the Secretary is cutting across a variety of her agencies to generate jobs.

But, Madam Secretary, 62 percent of the Department of Commerce budget lies in NOAA.

Secretary PRITZKER. Yes.

NOAA SATELLITE

Senator MIKULSKI. And that 62 percent in NOAA really goes primarily to satellites, and it also goes to Weather Service. Many of the questions here, however, will be related to fisheries management, which is one of the issues that frequently comes up from this coalition of coastal Senators.

But my question will go exactly to the satellite questions raised by Senator Shelby and strongly felt by myself.

As you know, there was an independent review about closing or eliminating the weather gap, also of great concern to Senator Murkowski because of the way the satellites work, what it does for Alaska, what it does for us in the world.

When will we get your comprehensive plan, and how do you see that you want to continue to right the concerns that have been addressed in both the Inspector General's report and in that independent review commissioned by this commission, so we get a dollar's worth of value for our satellites?

Secretary PRITZKER. Well, thank you all for your support of the satellite programs. They're extremely important; and, as you are aware, satellite procurement is a very complex process. It really involves procuring instruments, procuring a bus, procuring a launch vehicle, and procuring a ground station, and getting all of that to occur at the same time.

So the NOAA satellites program have been recently, through the outside report that we received, well managed and are on time and on budget as we speak today, and these are obviously, as I said in my testimony, critical assets to provide accurate information to decision-makers.

As we address the issue, the challenge of the gap that was discussed, first of all I want to thank you for taking the most important and first step of funding the instruments that can be used for a gap filler, because that is an essential step, a critical step in the

procurement process, as I described. We need to make sure those are procured first.

As we look at the gap right now, the potential for a gap is still too high. So our approach to addressing this is to first, as it relates to JPSS-1, is to make sure that it is on schedule, which it is. And what we're trying to do now is to move JPSS-2 so that there's greater overlap with the JPSS-1 program.

To do that, we need to have the procurement of, as I said, the instruments, the bus, the ground system, and the launch to all occur.

Senator MIKULSKI. Well, Madam Secretary, I'm going to jump in because we all each are going to follow the 5-minute rule.

Secretary PRITZKER. Sure.

Senator MIKULSKI. I'm going to get in as many of my colleagues as I can.

As I understand it, you are standing really sentry over this.

Secretary PRITZKER. Yes.

Senator MIKULSKI. We expect also a further cost estimate later in April. Am I correct in that?

Secretary PRITZKER. I'm not sure of the exact timing, but we will get you that cost estimate—

Senator MIKULSKI. We understand NOAA says they're actively working on a plan to be issued with the latest independent cost estimates as late as April 2014. We need that—

Secretary PRITZKER. Yes.

[The information follows:]

NOAA is currently examining options for what comes after JPSS 2. As we develop these options, we will work with the Committee on the best way forward.

Senator MIKULSKI [continuing]. As we get ready to—and let me finish. The other thing is I want to just thank you in terms of your personal involvement, and also Dr. Kathy Sullivan, the new CEO of NOAA.

First of all, I've heard from my other colleagues her availability to discuss issues, particularly these prickly fisheries issues. So we want to thank the fact that we feel communication has improved with NOAA. We feel that the oversight on satellites and some other programs have improved with NOAA. We want to keep that momentum going to get value for our dollar, and at the same time this communication, we resolve problems without trying to put it in report language.

So I can't tell you how important it is. If you listen to our fishermen and our watermen, if they're cranky, then literally these fishermen put their hooks into us.

And I don't want to be caught in a cranky waterman's net in Maryland. So I think we all get that.

I could pursue my questions because I'm going to come back to the Weather Service.

I want to also advise my colleagues that we will be having a separate hearing on NIST in May because of the crucial issues of manufacturing to cyber security, an innovative hearing.

Senator Shelby.

Senator SHELBY. Thank you, Madam Chairman.

PRIORITIZATION WITHIN NOAA

Secretary Pritzker, the Department has invested billions of dollars in next-generation weather satellites to provide critical data for forecasting and storm monitoring. We think that's important. And while the importance of these satellites cannot be overstated, NOAA also conducts a host of other important activities critical to our Nation's fisheries and coastal shorelines.

With existing satellite programs consuming more than a third of NOAA's budget proposal, I believe—and I mentioned it in my opening statement—that prioritization of mission-critical activities is very important. You've got so much money, you've got to decide where are the priorities. You did it in business, where you were very successful.

Secretary PRITZKER. Right.

Senator SHELBY. Are mission-critical activities, Madam Secretary, such as fisheries management or marine research deteriorating due to an insatiable appetite for new satellites that may not be critical to NOAA's core mission? Some of us believe that. Do you have any comment?

Secretary PRITZKER. Yes, I do, Senator. First of all, the way that we approach the NOAA budget is to really try and balance among a number of issues. We're trying to balance between the oceans and the atmosphere, between how much research we do internally, how much gets done externally, and between the short term, the medium term, and the long term, so that we can try and arrive at—for our dollar, that we're getting the most value trying to address all of the issues that NOAA is responsible for.

So it is a balancing act that we undertake, as you pointed out, and one that we do our best to try and make sure that we have sufficient funds to do all the things that NOAA is asked to do.

Senator SHELBY. But the fisheries are not just in our individual States, but they're important to all of Americans, are they not?

Secretary PRITZKER. Absolutely. Our fisheries, as you're well aware, are both a source of commercial endeavor as well as recreational endeavor, and have significant economic impact—both do—on the country's GDP. And I've come as Secretary to really respect and appreciate the size and the complexity of that responsibility that NOAA has, and work very closely with Dr. Sullivan to make sure that we're trying to acquit our responsibility to the highest standard.

FISHING RED SNAPPER IN THE GULF OF MEXICO

Senator SHELBY. Madam Secretary, I'm going to reference the red snapper fish that's very prevalent in the Gulf of Mexico. In recent years, the Department has curtailed red snapper season in the Gulf of Mexico due to questionable stock assessments and poor management decisions. In fact, two weeks ago a Federal judge ruled that the Department mismanaged the red snapper fishery in the Gulf, and the result could be an 11-day red snapper season this year, down from 40 days last year. The red snapper population has really grown. It probably needed to grow at one time.

I believe, Madam Secretary, that we must use sound science and accurate data to evaluate the health of the snapper stock, like any-

thing else. If we continue with today's ad hoc approach, we will have little certainty about the true status—in other words, the truth—of the red snapper, and there will be negative economic outcomes for both commercial and, you mentioned, recreational fishermen in the Gulf of Mexico.

What is the Department, in light of all this, doing to ensure that it can obtain more timely data to better understand and to manage the fisheries, including the red snapper?

Secretary PRITZKER. Senator, first of all, let me talk a little bit about the red snapper, then talk more about what we're doing in terms of stock assessment.

So in terms of the red snapper, last summer's stock assessment showed additional catch could be allowed, which we did.

Senator SHELBY. We did.

Secretary PRITZKER. And we worked hard to update the catch limits. And as I understand, the 40 days was something that we felt we were making progress. The challenge, of course, is the fish, as I understand, have gotten bigger. This is good because this is a step toward a continuing growing of the fish population. And I'm well aware that recreational fishing spending in this country is about \$4.6 billion. This is a significant industry, and the multiplier effect is quite large.

Senator SHELBY. What about the commercial fishing? What's that worth?

Secretary PRITZKER. Well, it's even larger.

Senator SHELBY. Larger.

Secretary PRITZKER. Right. So the point being this is extremely important, the red snapper, and the court finding is disappointing in the sense of it questions the science.

So one of the things that we've asked for in our fiscal year 2015 budget; our stock assessments are critical data that obviously are affecting the decisionmaking around catch limits. So we've asked for a modest increase, up to \$72 million, for next-generation stock assessment research so that we can continue to improve the quality of the stock assessment.

I clearly understand the importance that this work has and the implications it has on both the commercial as well as the recreational fishing all across our coastlines. So this is important that we get this right and something that we undertake very seriously, and Undersecretary Sullivan is very focused on this.

Senator SHELBY. Do you agree with me, you can't just do things in an ad hoc way, you need real data?

Secretary PRITZKER. Absolutely, and the data needs to be something that we all have confidence in.

INVESTMENT IN MANUFACTURING COMMUNITY PROGRAMS

Senator SHELBY. Madam Chairman, I've got one quick question, and I will be quick on it, if you'll allow me, and I mentioned this earlier, the Investing in Manufacturing Community Program. That seems like to a lot of people central planning. You're choosing 25 communities out of the whole Nation as favoritism, so to speak, and that's very dangerous, I think, and sounds like central planning to me. I'll talk with you about that again, but my time is short now.

Thank you, Madam Chair.

Secretary PRITZKER. Thank you.

Senator MIKULSKI. Senator Reed.

Senator REED. Thank you, Madam Chairwoman.

And thank you, Madam Secretary. I want to raise an issue which is important to NOAA and particularly important to my home State of Rhode Island.

RELOCATION OF THE NOAA VESSEL

The fishing survey vessel Henry Bigelow has been stationed, home-ported in Newport, Rhode Island since 2009. But because of the changes with respect to the Coast Guard and Navy there, they might not be able to stay there past roughly 2016, and there's some talk of moving it to Woods Hole, which would be about a \$20 million investment, dredging and improvements; when, in fact, about a 5-minute cruise across the bay there is former Quonset Naval Station but now Quonset Point, which is already the home to the NOAA vessel Okeanos Explorer, which has a shore-side facility there, NOAA facility. It's already been developed. The money has been invested.

I would just ask you to seriously consider the option of not taking the ship out of Narragansett Bay and spending \$20 million for it elsewhere but spending very little and simply transferring it across.

And I would add another point. The Narragansett Bay complex is the home to URI School of Oceanography, to a laboratory of the Marine Fishery Service, to the Naval on the Water Warfare Center, to all of the facilities that are available at the Newport Naval Base. So for those reasons also, to me this is a very simple choice, which would be Narragansett Bay. Could you look at that option?

Secretary PRITZKER. Absolutely, we are, and Vice Admiral Devany is working on this issue as we speak. We have the idea of spending the \$15 million at Woods Hole as one that is a challenge. So he is really working on this issue.

In terms of the science and the laboratories that are there, those are very important and ones that we're rebuilding after they took a bit of a hit during the sequestration period. But we're very committed to those.

Senator REED. Given the tightness of your budget, and that's being mild, the idea of generating \$20 million to do something that, frankly, could be done as well, and I would argue better, by simply moving the ship across the bay would make sense to me.

FISHERY SERVICE LABS

A similar issue with respect to Narragansett Bay, but it also has a larger impact, and that's the National Marine Fishery Service's labs in the Northeast have taken cuts because of sequestration, because of other aspects. They are truly important as to not only the research they do but connecting our local fishermen into the process, getting their feedback and their assessment. And frankly, my fishermen feel that when they go to the Science Center, they get rebuffed. They're told, "You're not a scientist; go away." When, in fact, every day they're on the water, they have an understanding of the stocks and everything else that is not associated with that.

And once again, this is so close to the School of Oceanography, URI, there is a reinforcement there, too.

So I would ask you to avoid cuts in the future, but also to look at ways that we can invest in a partnership through the labs with the fishing men and women and the fishing industry, not just in Rhode Island but all through the Northeast.

Secretary PRITZKER. As I said, the labs are very important, and the rebuilding of our capacity at those labs is something that we're focused on, and working with the local fishing industry is something that we're absolutely open to and happy to work with you on.

Senator REED. Thank you, Madam Secretary.

OCEAN EXPLORATION

A final point is that you have a significant cut, 27 percent, \$7 million, in ocean exploration, and it becomes more and more important. We are all spellbound by the fact that we know so little about the Indian Ocean as we search desperately for the remains of that aircraft, and it just shows the gaps we have in our knowledge. And as we cut back on ocean research which is valuable to understand particularly climate change, the opening up of the Arctic, changes globally, I would ask that you look closely at this item.

Our vessel, the Okeanos Explorer, can only go to sea if the resources are there for exploration, and I ask you to look at that.

Secretary PRITZKER. I appreciate it. I mean, our fiscal year 2015 budget does propose \$19 million for ocean exploration and research. While we know this is a cut, we think that's robust funding for us. But I'll take a look at it.

Senator REED. Thank you, Madam Secretary.

Thank you, Madam Chairwoman.

Senator MIKULSKI. I'm going to suggest this. We're all Senators and we need to trust each other. So what I mean by that is ordinarily they would recess the committee and come back for the vote. I'm going to say that Senator Kirk wants to ask a question and Senator Merkley wants to stay to answer a question, I'm going to dash to the vote and dash back, but I'm going to keep the committee in session and let the Senators ask, or let's go back and forth. Let's presume we can all trust each other and act according to old-school rules and Senate rules.

The committee will continue to operate, and I turn to Senator Kirk.

Secretary PRITZKER. Thank you, Chairwoman.

NTIA, INTERNET CONTRACT

Senator KIRK. Penny, I just wanted to ask you a question about this rolling story in the Internet media that somehow the Obama administration is going to give up control of the Internet to the U.N. or something like that. I think the guts of that story is the ending of a contract between NTIA and ICANN I think it's called. I want to make sure the essence of accountability to American values for an institution that we have built continues with First Amendment values surging through the Internet to make sure that those countries like China, which would totally interrupt those values.

Secretary PRITZKER. Senator, let me talk a little bit about that for a minute. First of all, I want to be absolutely clear, the Department of Commerce and the NTIA, which oversees this contract, we are committed to a free and open Internet. The stated policy since 1998 was—what we oversee at NTIA is a contract, as you said, between ICANN and the various organizations—there are three—that get the benefit of this contract, the International Engineering Task Force, the Regional Internet Registry, and the companies who run the domains. We simply monitor whether that contract is being implemented effectively.

The proposal that we are suggesting is as follows. We're not going to proceed with anything unless we are satisfied with the following, which is that ICANN can continue to move forward as a multi-stakeholder model of governance. Two is that we maintain the security, the stability, and the resilience of the Internet's domain name system. Three, we have to meet the needs and the desires of our global customers, and we've got to have the openness of the Internet.

But there's a final criteria that everyone needs to keep in mind. We will not accept a proposal where ICANN is replaced with a government or intergovernmental organization like the U.N.

So this is not a handing over of the Internet to some other government. This is an evolution that was anticipated at the beginning that eventually NTIA would step back from this oversight role of a contract that actually exists between two parties.

We as the United States remain a very important voice, would remain a very important voice in the multi-stakeholder process. So it's not like we're going away from this at all. And the thing that is important to keep in mind is we're doing this at a time when there's plenty of time to see if our criteria can be satisfied. We have a year left on the existing contract, our oversight contract, and then we have two 2-year extensions at our unilateral right. So we have a long runway to make sure that we're going to be confident that ICANN can undertake this without our continued oversight of this contract.

Senator KIRK. I'm not done. Let me close by saying that the First Amendment, which kind of runs through your blood, and American involvement in ICANN to make sure that left-wing dictators around the world who would like to shut off the Internet. We need to make sure that it can't be shut off.

Secretary PRITZKER. I completely agree, and I want you to be reassured that the Department of Commerce and NTIA, we are committed to a free and open Internet.

Senator KIRK. Thank you, Madam Secretary.

Secretary PRITZKER. Thank you.

Senator SHELBY [presiding]. Senator Merkley.

ANTI-DUMPING AND SUBSIDY ENFORCEMENT

Senator MERKLEY. Thank you, Mr. Chair, and thank you, Madam Secretary, thank you for the work that your Department does facilitating exports which are so important to nurturing manufacturing, the jobs that are associated with it here in the United States.

I wanted to ask about one part of this puzzle, and that is how the International Trade Administration handles anti-dumping and subsidy enforcement issues, which is a central function to trying to create something close to a level playing field. We face a variety of foreign subsidies that are unannounced.

I find it very interesting when the WTO calls for nations as part of their responsibility to lay out the subsidies they provide, and when they don't do so, another nation has a choice of posting such known subsidies. And when I proposed an amendment to this, with two weeks a list of 200 Chinese subsidies was produced. It was very helpful in trying to understand many of the things that happen behind the scenes.

We had testimony in my Economic Policy Subcommittee earlier this year about many of the things that we face, and I'm referring specifically to China in this case, but may well apply to some other countries where local officials make it their normal business to take land from farmers without adequate compensation, friends at local banks finance the construction of a trade development zone, they give away land, factories and utilities to foreign investors, which certainly is attractive to moving your factory to a place where these types of subsidies exist, and that doesn't even count the State-owned enterprises and the State-backed banks that not only control companies in China but begin to acquire companies here in the United States.

I found it quite interesting that China had its first-ever corporate bond default. That tells you something about how subsidized the system is, that folks who have companies that go down the wrong path always seem to get bailed out.

This process is a challenge for us to sustain jobs here in manufacturing in the United States, and I just wanted to ask about your thoughts on this. These types of subsidies are hard to capture, they're hard to bring cases on, and in general I don't think we have many in that category. But I thought I would ask you about that, whether the Department has been able to bring cases addressing the types of subsidies that I'm talking about, whether there is a deliberate effort to evaluate these strategies that are certainly not consistent with the structure of the WTO and their impact on our U.S. economy.

Secretary PRITZKER. Senator, first of all, let me start by saying both the President and I are absolutely committed to trade enforcement, and the Department works on this. It is a major focus as part of our ITA work. And I have a lot of confidence in the leadership team that we have that do our trade enforcement work. They're very, very dedicated to trying to address these issues.

The question of whether we would self-initiate anti-dumping in countervailing duty cases, it's very rare to do that, to self-initiate, because a case requires the involvement of the industry, but we're happy to arrange consultation for any industry with our experts if they feel there's an area that needs relief. We work very closely to make sure that that process is very transparent.

In terms of strengthening our trade remedy laws, particularly with China, I co-chair with the U.S. trade reps something called the U.S.-China Joint Commission on Commerce and Trade (JCCT), which is our annual dialogue with the Chinese on trade issues, and

this is a constant thing that we are focusing on. It's a very challenging process. I won't say that it's easy, but it's something where our goal is really to prevent U.S. businesses and workers from being subject to unfair trade practices around the country, around the world. So it's something that we're very, very focused on.

Senator MERKLEY. Another type of subsidy is the lack of enforcement of environmental standards and extremely predatory labor conditions in some cases, and a proposal or an idea is to allow companies to use the anti-dumping strategies to bring cases when their competitors are subsidized by the failure of enforcement, basically the failure to abide by the basic, core principles of the WTO. Have you given any thought to that particular approach?

Secretary PRITZKER. I have not focused myself on that, but it's something I'd be happy to discuss with my team.

Senator MERKLEY. Thank you very much.

Secretary PRITZKER. Thank you.

ELECTRONIC MONITORING FOR TRAWLERS

Senator MERKLEY. Can I have one sentence?

Electronic monitoring for trawlers in the Pacific.

Secretary PRITZKER. Yes.

Senator MERKLEY. They're very concerned that they're not getting the intention or the speed, and for these small trawlers to get observers flown in from other cities, San Francisco or Seattle, extremely inconvenient, extremely expensive. We need a lot of cooperation in trying to pursue the electronic monitoring. Thank you. I'll follow up with that.

Secretary PRITZKER. Please do, and we're very focused on that. Thank you.

MARKET COMPETITION

Senator SHELBY. Madam Secretary, I'm going to pick up on the mission of Commerce, and this comes out of your bulletin. I like the stated mission, "to create the conditions for economic growth and opportunity." That's what we want to do in America, starting with education, good infrastructure, and so forth. All States, from Maine to California, from Florida to Michigan. And I like the slogan, "America is Open for Business." The more we talk about that and the more we, in reality, do that, the better off we are, and that includes the domestic market and the foreign market, everything.

INVESTMENT IN MANUFACTURING COMMUNITY PROGRAM

You know this. You come out of the business community.

But it's troubling, really troubling to a lot of us, not just me, where you would select, try to select 25 communities for special treatment in the U.S. and exclude thousands of communities. That's picking winners and losers, in a sense, in the marketplace, which is what we don't do. We let the market decide that.

So this is a deviation, basically, from the principles that built this country and sustained this country, and that's why Congress has not supported this. This is something in your proposal that you're wanting to do that I think will run into trouble again in the

Senate and in the House. It's something that maybe we ought to talk about again.

Secretary PRITZKER. Well, I would be happy to talk about it, and I appreciate the concern. There's no intention to pick winners and losers but rather to allow regions to coordinate their planning and to tell the Federal Government how they intend to address multiple areas of investment that are required in order for those communities to be able to support growth in manufacturing.

The goal is really more to see that there are communities and encourage communities to create an integrated plan. It's not meant to pick winners or losers.

So I would be happy to work with you to make sure that we address the concern.

Senator SHELBY. Well, I'd like to meet with you further. We'll call you and see where we go from here. But the idea of picking winners and losers in the marketplace, that's the tenet of communism, socialism, and so forth.

Secretary PRITZKER. That's not our intent.

Senator SHELBY. And it's something I think is abhorrent to that we're open for business.

Secretary PRITZKER. Terrific. Well, that's not our intent.

Senator SHELBY. Ultimately the market will decide winners and losers in the marketplace, and the government should not do that, should it?

Secretary PRITZKER. Senator, you and I agree on that.

Senator SHELBY. We're hoping somebody comes back.

She's on the subway. I'll wait just a few minutes, try to keep this hearing going.

We'll recess just for a few minutes until the chairperson comes.

Secretary PRITZKER. Terrific. Thank you, Senator.

Senator SHELBY. Thank you.

[Recess.]

JOB CREATION

Senator MIKULSKI [presiding]. Madam Secretary, while we expect Senator Collins and some other Senators to return, I'm going to go back to the job issue. One priority is to create more jobs. The other is to retain the jobs we have, and even the possibility of bringing jobs back home from overseas.

But here goes to my question about trade and trade missions. The job of the Secretary of Commerce has been, as I said, the President's ambassador to business, and the ambassador of business to the President. And often, they have led trade missions around the world. So it's been both an executive position and a sales position.

DEPARTMENT OF COMMERCE'S ROLE IN CREATING AND RETAINING JOBS

You have 11 different agencies, from NIST to NOAA to Trade. So we're talking about everything from red snapper quotas to import quotas and export quotas, and so on.

So here goes to my question. Often, the traditional role is assumed by the Secretary of Commerce. Tell us what you're doing.

Are you leading trade missions? How do you see your role in generating jobs, retaining jobs, and even trying to bring jobs back home?

Secretary PRITZKER. Well, Senator, first of all, thank you for the question. Since day 1 when I took this job, I brought with me a sign to my office, and it says “Open for Business.” To me, this is my area of focus. Why is this my area of focus? It’s my area of focus because I know that if we create the conditions for the private sector to thrive, they will create jobs.

So one of the first things I’ve done is spend a lot of time with business leaders to understand what do they need in order to be successful. I’ve met with probably over 1,000 CEOs and private sector business leaders since I’ve been in this position. And what have they said to me that they need in order to grow their businesses?

For example, in terms of trade and investment, I’m very focused on the fact that 95 percent of customers live outside our borders. So while American businesses are growing within the United States, our job with both our U.S. Export Assistance Center and our Foreign Commercial Service is to help those businesses continue to export. Why? Because 11.3 million Americans today, their jobs depend upon exports, and that’s up 1.6 million jobs since 2009. That’s why funding of our Foreign Commercial Service is so important.

At the same time, we’re also trying to attract foreign direct investment; 5.6 million American jobs today are supported by American subsidiaries of foreign-owned companies. That’s why funding of Select USA is so important, that we build upon these good jobs. We know they’re good jobs because the jobs from foreign direct investment companies pay over \$77,000 a year.

I recently as well returned from several trade missions. First I was in Mexico, and then I was in the Middle East. I will tell you that on our trip to Mexico I took a company from Los Angeles called Louroe Electronics. They came back and said that because of the five different potential business opportunities that they found, they’re increasing their workforce by 10 percent.

So we know that all of these efforts are helping to grow jobs in this country.

I’m also very focused on innovation, competitiveness, and entrepreneurship. Why? Because I know that I think it’s 40 percent of our GDP—and I’ll confirm that statistic—depends upon new innovation, growth in our GDP, 40 percent depends upon new innovation. What are we doing specifically? I made skills and workforce development a priority of the Department for the very first time in history, working with the Department of Labor to say how does the Department of Labor and Commerce affect something that I think is very important, which is workforce training needs to be business-led. We can no longer, as the Secretary of Labor would say, train and pray. We have got to offer people the kind of nationally recognized stackable credentials that they know, when they go and get that training, that there are jobs at the end of that endeavor.

So, to me, that’s a very important part of helping to grow and fill the 4 million open jobs that we have today in this country by helping the long-term unemployed be prepared for those jobs.

Another thing that we at the Department are focused on in job creation is we’re working across the agencies to promote the pas-

sage of the NNMI bill and develop these regional manufacturing hubs. Building a bridge between R&D and getting to market is something that requires some catalyst from the Federal Government, and those will also lead to good jobs. The institutes, I think, are a brilliant conception by both Congress and the President because of the Federal money. Why is the Federal money important?

I've talked to the people who have put together these institutes, and they said without the catalyst of the Federal dollars, they would not have come together, the universities, the private sector, the community colleges, and the workforce training system, as well as the supply chains, in order to address this need for pre-competitive research in our country. And we are doing so much less of this than other countries around the world, and I think this is something that is very, very important to job creation.

Senator MIKULSKI. Madam Secretary, I think I've got the picture there. We want to work with you.

I want to make sure that Senator Collins has a chance to ask her questions.

Secretary PRITZKER. Terrific. Thank you.

Senator MIKULSKI. She's on about three other subcommittees. So we'll come back to pick up—

Secretary PRITZKER. Sorry.

Senator MIKULSKI. No, no. That was excellent. We could spend all day just on that, as well as the need for interagency cooperation. My smaller manufacturers say they need the Import Export Bank, they need the Foreign Commercial Service Office, and they need to be able to know how to use the resources of their own government.

Senator Collins.

FISHERIES DISASTER ASSISTANCE

Senator COLLINS. Thank you very much.

First let me thank you, Madam Chairwoman, for your work, and that of the Vice Chairman, for your support in appropriating fisheries disaster assistance in last year's omnibus funding bill. This was no easy task but a very important development.

FISHERY DISASTER RELIEF FUNDING

I also want to thank you, Madam Secretary, for exercising your authority to waive the 25 percent State matching requirement for fishery disaster funding. Waiving that match was absolutely critical given the constraints that the States have and to ensuring that the funding will be used in ways that have both immediate impacts and constructive long-term effects.

We've been working closely with the Regional Administrator, John Bullard. He is making quite an effort to try to achieve a consensus among the affected States regarding the allocation of the funding, which is no easy task, I will tell you.

Secretary PRITZKER. It's not easy.

Senator COLLINS. Although consensus among the affected States has not yet been achieved, one thing is clear to me, and that is that our Maine fishermen are struggling now, and they're very worried about what the future is going to bring.

So there's a delicate balance between what needs to be addressed for the very real and immediate needs of our fishermen and making those targeted investments for the long term that will allow the fleet to survive and become more sustainable, and there are a lot of creative ideas out there, as I've learned when I attended the Fishermen's Forum this year.

We're concerned about not only the short-term survival of our fishing communities but their long-term success also. We really don't want to find ourselves going from crisis to crisis year after year. How will you encourage NOAA to ensure that the \$32.8 million in disaster relief is used in ways that will have positive, lasting effects on New England's historic ground fishery industry?

Secretary PRITZKER. Well, Senator, first of all, I want to assure you that I am very sensitive to the fact that fishing is a lifeblood to so many New England communities, and I appreciate the challenges that are created for both individual businesses, families, et cetera, that are affected by the stocks and the level at which the stocks exist.

We are very focused on making sure that—two things: first of all, stock assessment is improved, which is why in our budget we've called for \$72 million to continue improving the quality of our stock assessment so that we have better and more transparent information. So first of all, to not go from crisis to crisis, we need good information.

The second is to work—you know, John Bullard, I think, as you said, he does not have an easy task ahead of him, but making a priority that we also make wise investments is one that I know is part of his criteria. I will make sure that Undersecretary Sullivan and John work closely so that we're not making short-sighted, if you will, investments with the scarce resources that we have to invest.

Senator COLLINS. Thank you.

Madam Chairwoman, could I ask a second question?

Senator MIKULSKI. You absolutely can.

Senator COLLINS. Thank you so much.

Senator MIKULSKI. You know, your questions about these disasters and these data and so on affect all of us. Prior to your arrival, Senator, I was saying that there are so many members on this subcommittee, coastal Senators who have such common interests. Please proceed and take whatever time you need.

TRADE AND FOOTWEAR MANUFACTURING

Senator COLLINS. Thank you.

Madam Secretary, I want to switch now to a trade issue, especially given the emphasis that you are putting on increasing exports and trying to get more American manufacturing, which are goals that I wholeheartedly support.

Just a few decades ago, there were more than 50,000 footwear manufacturing jobs in this country, and many of them were in my State and throughout New England.

Senator MIKULSKI. The famous Dexter loafers.

Senator COLLINS. Exactly. That is one of them.

Today there are fewer than 5,000, which is just incredible. A thousand of those jobs are in the State of Maine at three New Bal-

ance factories, and we have some other specialty shops in my State. Those jobs support many other small businesses and local economies, particularly in our smaller towns—Norridgewock, Skowhegan, Norway, Maine, for example.

With the Trans-Pacific Partnership (TPP) discussions well under way, I, along with Senator King, have repeatedly met with the trade rep and have asked for assurances from this administration that any agreement is crafted in a way that allows those companies that continue to make shoes here and want to grow here have the opportunity to do so. To me, we ought to be rewarding those manufacturers who did stay and keep some of their manufacturing here in America rather than moving overseas.

If done improperly, I am very concerned that TPP could have a disastrous effect on the remaining athletic footwear workers in my State.

What update could you provide on the negotiations regarding these extraordinarily important issues that directly affect jobs?

Secretary PRITZKER. Senator, first let me start by saying I know how important this issue is, and it's one of great importance not just to you and your constituents but as a New Balance wearer I appreciate my Made in America running shoes, if you will, that I wore this morning.

Senator COLLINS. Good taste.

Secretary PRITZKER. The Commerce Department works with the U.S. Trade Representative on negotiating these deals, and we have been in constant consultation with you, with the various stakeholders on the views regarding this and TPP.

The latest state of negotiation, I would have to get back to you as to where it is, but I want you to know that we recognize and are well aware of how significant this issue is, and it has been foremost as the negotiations have—it's been front of mind as the negotiations have been proceeding. But I will have to get back to you as to what the current state of play is.

Senator COLLINS. Thank you. That would be very helpful.

Thank you very much.

[The information follows:]

ATHLETIC FOOTWEAR AND TPP

Commerce and USTR are engaging with all of our TPP partners, including Vietnam, on a continual basis to discuss market access issues, including apparel and footwear. In these discussions, we continue to represent the concerns of our domestic athletic footwear manufactures. The next set of face-to-face meetings with all TPP partners is scheduled for mid-May. We will continue to ensure that the discussions regarding market access for footwear take into account the interests of domestic stakeholders.

FISHERY DISASTER

Senator MIKULSKI. Before, Senator Collins, we go to Senator Coons, on this whole fishery disaster, one of the first issues we had was our very own colleagues didn't understand how fisheries disaster certification worked. They thought it was FEMA that designated it, as compared to you, Madam Secretary. So one of the areas we really need to do is educate our own colleagues, and we need to look forward to doing that communication.

Fisheries disasters have affected pretty much every area of the coast. As we worked on the New England fisheries disaster, we note that our colleagues on both sides of the aisle from the Pacific Northwest—Merkley, Murray, Murkowski—regardless of the zip code they lived in, were facing that.

And we see that it's three things, environmental consequences, but mostly over-fishing, and it's not over-fishing by us and how we enforce those laws. And then also the ability to collect better data. And then if over-fishing is caused by poachers, why punish the American fishermen as they're trying to make their comeback?

And we need clear guidelines, too, on how we do help with fishery disasters. We want to avoid them. We saw the near collapse of Georgia's bank. We heard what was happening in the Pacific Northwest. The decline in crabs in Maryland was due to the decline in the Chesapeake Bay. That was environmental. So we've got a lot to do.

But this is big business, and it's also, I might add, a part of our identity. When you think of Maine and you think of Maryland and you think of the great Pacific Northwest, yes, you might think of Microsoft, and when you have Senator Shelby talking about the red snapper, I've heard Senator Shelby speak about many things, but this shows the concern we have. So, let's work together on it.

Thank you very much.

Senator Coons.

MANUFACTURING

Senator COONS. Thank you, Chair Mikulski.

Thank you, Secretary Pritzker. Great to be with you again. And I'll ask a few questions, if I might, and I'll try to keep them focused, first about manufacturing, which we've spoken about before.

American manufacturing has been making a comeback over the last 4 years. We lost nearly 6 million manufacturing jobs in the first decade of the century, but we've regained about 600,000 in the last 4 years, and I'm eager to continue to work with you on initiatives that can strengthen manufacturing.

First, I was pleased that your budget suggested an increased investment in the Manufacturing Extension Partnership, which I've seen very effectively work with small, local manufacturers to allow them to access the latest thinking and skills in terms of lean manufacturing. I'd love to hear a little bit about your plans for the MEP.

And second, the National Network for Manufacturing Innovation is something the President is moving forward with existing budget authority in DOD and DOE, and I'll mention that the University of Maryland, the University of Maine, and the University of Delaware are actually collaborating on the next application to be a composite Center of Excellence.

What are your plans in terms of moving forward with support for the authorizing bill that Senator Brown and Senator Blunt currently have, and how would you see the benefits of that network moving from something that is purely an administration initiative to something that is authorized legislatively and could then be sustained over a longer, broader range?

Secretary PRITZKER. Well, thank you, Senator. First of all, manufacturing is near and dear to my heart. It's something that I've been involved with literally all my life.

I'll start with the Manufacturing Extension Partnerships. When I came into this job, I had spent 27 years in business, but I really did not understand what the Manufacturing Extension Partnerships were, and I went out to actually see and talk to manufacturers about is this really valuable, how could the Federal Government really be providing that kind of value added, and I was, frankly, blown away, and I had my head turned by the impact of the MEP. Hence, the reason we believe we should expand the MEP.

Obviously, they are partnerships, they're local, and they work with local manufacturers to help them adopt processes that, frankly, large companies have easy access but it's very hard for a small company to do on their own. And to me, this is one of the great services that we provide at the Department of Commerce. Frankly, it's not understood well enough.

One of the things I hope is that, along with our Foreign Commercial Service and our U.S. Export Assistance Centers (USEACs), that I could try and raise the profile of these great services that we offer.

As it relates to NNMI, I'm passionate, as you know, about this bill. I believe that it's absolutely essential that the Federal Government plays a role in helping to be a catalyst for the development of these institutes. The gap that needs to be filled between R&D and deployment to market is one that very often a single company cannot do by themselves. And so I've talked to a number of the folks who have competed for the existing NNMI programs, and they all tell me we would not have come together but for the Federal catalyst of dollars.

So I think this is really important. I have offered to Senator Blunt and Senator Brown—in fact, Senator Graham reached out to me about 10 days ago and asked me to work with the group to try and help get this legislation passed.

I think one of the important parts of the legislation is the fact that the Commerce Department will play a role in terms of taking the best practices of the institutes and sharing them among the institutes. I think there's an enormously important role that today is not provided for. So I'm all in on both of these.

Senator COONS. Thank you. As a co-sponsor, I'd welcome your assistance as an advocate for the collaboration between our three States and many, many others in the existing collaborations.

Secretary PRITZKER. Whatever I can do.

Senator COONS. We would be grateful.

FOREIGN COMMERCIAL SERVICES

Let me briefly touch on three things. The Foreign Commercial Service has been brought up before. I believe in their value. I want to work with you to strengthen their efficacy and reach. I'm pleased to see you've updated the model that's more forward-looking, and it is my hope that the African continent will be considered as a place where we are really in competition and where I think we need more of the FCS.

The program I've mentioned to you before. This is very small in scale but means a lot to our coastal States, where providing some of the support for the operation and maintenance of the program helps particularly those of us who have rivers where there is navigational challenge. We had put report language in or suggested report language last year. I was disappointed the operations and maintenance wasn't in this year's budget, and I'd love to work with you on that.

IMPROVING THE FUNCTION OF PATENT AND TRADE OFFICE

Last, any comments you've got for me on the Patent and Trademark Office. Ending fee diversion was something that was a key piece of the American Invents Act. Making sure the Patent and Trademark Office is strong and that patents are high quality, and that they are being issued in a timely and appropriate manner is a real concern to me. I just, in closing, would love to hear your thoughts on how we can ensure an appropriately funded, fully functioning, strong Patent and Trademark Office.

PATENT FEE COLLECTION

Secretary PRITZKER. Well, let me comment on the Patent and Trademark Office. Our expectation is that we'll receive about \$3.4 billion worth of fees this coming year, and that will allow us to do a number of things.

First of all, really address the IT system, which needs investment—that was something that was a casualty in the fiscal year 2013 situation—so that more easily our examiners can access prior art and better understand that, as well as streamline the relationship with the patent applicants. One.

Two, we are planning to expand by 1,000 patent examiners. We need to do that. We have a backlog which is not at the place we want it to be. We currently have a backlog of about 600,000 patent applications. We'd like to run with a backlog of about 450,000. We think that's the right balance of inventory to keep our workforce fully deployed, if you will, and that's something that we're very, very focused on, the IT system. The additional examiners will help us bring that down significantly over the next several years.

And then the other thing that we're doing is we have developed an operating reserve, which is something that we think is very important, so that as the economy fluctuates up and down—a patent examiner is someone that receives, when we hire someone, an enormous amount of training. And what we don't want to do is if the economy goes up and down, we don't want to let go of our very valued human capital because of a fluctuation in the economy one year.

So the reserve is something that we believe in this year's fees will allow us to be able to have a good cushion as the economy fluctuates.

So the Patent and Trademark Office is making great progress. There is work to be done, but I have a lot of confidence in the leadership we have there.

Senator COONS. Thank you, Madam Secretary. Good luck on your upcoming trip to Ghana and Nigeria. I very much look forward to hearing about it.

Secretary PRITZKER. I am very excited about it, and thank you for all the advice and help you've given us.

Senator COONS. Thank you, Madam Chair.

Senator MIKULSKI. Before Senator Coons goes, I want to raise this issue about the Patent Office and its fees. You said the fiscal year 2013 situation. Didn't you mean sequester?

PATENT OFFICE FEES

Secretary PRITZKER. Yes.

Senator MIKULSKI. Didn't the Patent Office have access to the fees that were being paid in sequester, or were they denied access to fees?

Secretary PRITZKER. There was an amount that was set aside that we did not have access to. We feel that the fiscal year 2015 or the \$3.4 billion in fees that we expect this year will help address the issues that we experienced back then.

Senator MIKULSKI. Well, I'm going to raise the fee issue. There are two important agencies that are crucial to innovation, in taking products to market and protecting intellectual property and the safety of people, the FDA and the Patent Office. My biotech community, which is a very thriving community, feels they stand in two lines to get approved, FDA and the Patent Office.

So we struggle with backlogs. Both are funded by user fees. FDA, under sequester, did not have access to the user fees. The biotech, the pharma, the medical device community was ballistic. They're paying fees. They think they were going to get value—the reason they're paying fees was to get the trained workforce that they needed with the new innovative technology. They didn't have access.

Right now, Dr. Hamburg's got \$225 million worth of fees she thinks she's going to have for this year and maybe into 2016. Remember, we have not canceled sequester.

So then we go to your Patent Office, which is really our Patent Office. It is crucial to every new idea, every new product, every new thing that could come out of Maine, Delaware, Maryland, our great universities, all the things you just talked about.

So here is my question. I worry about this, and I really think OMB has to worry about this. And I think they have to come to grips with what we would hope—many of us want to work on a bipartisan basis to permanently cancel sequester. That would be my goal, so that every year talented managers that we ask to come into government, like yourself, are not worried about sequester, you're worried about fulfilling the mission.

But if we go to the private sector, we're asking them to pay fees so they can have the capacity to fulfill the mission, which is patents, food safety, and the safety of pharmaceuticals, biotech, and medical devices. They should be able to get what they're paying for.

So I would encourage you to join with Dr. Mary Hamburg at FDA and go to OMB and say—not for this year—thanks to the Murray-Ryan budget, again, a bipartisan effort, we're able to move ahead with this bill, but I'm looking ahead also to 2016 so that we keep the momentum going in our economy.

We've come a long way since the economic collapse. We know unemployment is going down. We know the deficit is going down. We

know that the debt is going down. We want to keep that momentum going.

One of the ways to keep it going is to make sure where some of the greatest innovation is occurring in our economy is able to have access to the government agencies they need to either get approval or protect their intellectual property, and they're paying for it, not only with their taxes but with an additional thing, a fee.

So if we could get—and I'm going to be raising this with Director Burwell herself, that we need to make sure that if sequester continues, which I hope it does not, and we'll work hard for it not to, that those where fees are paid are not disadvantaged, because the private sector says we work with you to create a fee structure that is reasonable, rational and achievable, and then we put the money in the pot and they can't access it.

So, we can't have this. It's counter-intuitive to what we want to do. So I really encourage that to my colleagues to be able to raise this because there are also other fees. But these are really the two very important ones that I think have a direct impact on jobs and also the direct impact on our economy, and we look forward to working with you and the administration on solving this.

Well, I think we've covered a lot of ground here today. The Department of Commerce has 11 different agencies in it, from taking the Census to minority business development. It's a lot to keep an eye on. Did you feel like this was a pop quiz?

Senator MIKULSKI. Well, we wish you well in your trade missions——

Secretary PRITZKER. Thank you.

Senator MIKULSKI [continuing]. And really working throughout these agencies to really, again, create the kind of jobs that we need to create.

I thank you very much for participating.

ADDITIONAL COMMITTEE QUESTIONS

If there are no further questions, Senators may submit additional questions to the subcommittee for the official record. We request that the Department of Commerce respond to our colleagues within 30 days.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO HON. PENNY PRITZKER

QUESTIONS SUBMITTED BY SENATOR BARBARA A. MIKULSKI

FINANCIAL MANAGEMENT SYSTEM

Question. The switch to a new accounting software system, the Business Application Solutions project (BAS), aims to consolidate the 12 different systems that the Department of Commerce currently uses for managing finances, acquisitions, grants, and properties.

What is the Department doing to manage the risks and ensure the system is not a techno-boondoggle?

Answer. The project has a robust risk management plan that documents the processes, tools and procedures that are being used to manage and control project risks. The Department of Commerce utilizes a risk register which: evaluates enterprise and project risk impact, likelihood, and severity; identifies alternatives to achieve cost, schedule, and performance goals; supports informed decisionmaking on budget

and funding priorities; provides risk information for project reviews and milestone decisions; and, establishes continuous monitoring of the health of the project over time.

The BAS project risk is monitored routinely during extensive recurring executive review board sessions where risks are transparently discussed and mitigation strategies are reviewed and updated as warranted.

In addition, the Project Manager is a Certified Project Management Professional (PMP) and both the Program Manager and Project Manager are certified as Senior Experts in the Federal Acquisition Certification for Program and Project Managers (FAC-PPM).

Question. What contingencies are being put in place to address delays and unexpected expenses?

Answer. In accordance with industry standard project management methodology, the BAS project scope, cost, and schedule include contingencies commensurate with other similar-sized Federal agency financial management system implementations identified during market research interviews with other Federal agencies. There is planned contingency within the BAS project's schedule that would allow Census to be delayed until the end of fiscal year 2017 without impact to the 2020 Decennial. The BAS project implementation approach includes multiple planned activities to validate deployment readiness, including mock conversions, significant system and user acceptance testing and comprehensive end user training. Any issues identified during these activities will be documented, actively tracked and remediation solutions enacted. As part of our risk assessment activities, we maintain a list of alternative options that is updated throughout the project to use if remediation activities are deemed necessary. (Note: BAS inserted a 5 percent management cost reserve).

TRUCK SCRAPPING

Question. The U.S.-Colombia Trade Promotion Agreement has helped to broaden our trade relationship with Colombia, and the Colombian heavy duty truck market is very important for America's manufacturers. However, following the trade agreement, American truck manufacturers have been harmed by Colombia's adoption of a restrictive series of decrees regarding the scrapping and registration of commercial vehicles. These regulations appear to violate both the spirit and letter of Colombia's obligations under the bilateral Trade Promotion Agreement and its commitments to international obligations under the World Trade Organization.

What steps has the Commerce Department taken to restore American truck exports to Colombia?

Answer. The Department has been working to address the changes in Colombia's truck scrapping program since April of 2013. We have worked with other U.S. Federal agencies, including the Department of State and the Office of the United States Trade Representative, to analyze the scrapping requirements, including their legal basis, their impact on U.S. trade, and the political situation in Colombia leading to the increasingly restrictive decrees.

The Department is working with other U.S. Government agencies and industry to address the problems with the new scrapping regime. These efforts have also included coordinating with the European Union, Japan and Mexico, as well as engaging in outreach to the Organization for Economic Cooperation and Development (OECD) which is considering Colombia for membership. The Department raised the issue at the Ministerial level during President Santo's trip to the United States in December. Most recently, the Department worked to arrange and participate in a March meeting between members of U.S. industry and Colombian High Counselor Jaime Bueno, Vice Minister of Trade Claudia Candela, and Vice Minister of Transportation Nicols Estupian. This March meeting has led to follow-up meetings between industry and senior Colombian officials.

Question. Is the Department satisfied with the Colombian response to date?

Answer. No. However, industry recently reported that follow up talks to the March meeting have been constructive and offer hope for a positive outcome. The Department will continue to explore ways to effectively engage the Colombian authorities on this issue.

Question. Does the Department plan to undertake additional steps to resolve this dispute?

Answer. The Department is continuing to engage the Colombian Government on this issue on behalf of U.S. industry. Actions are being considered as needed to help reopen this important market.

NIST CYBER-SECURITY FRAMEWORK

Question. NIST issued the Framework for Improving Critical Infrastructure Cybersecurity in February 2014.

How are you encouraging “critical” U.S. infrastructure to adopt the Framework?

Answer. NIST plans to work with industry, the Department of Homeland Security (DHS), and other Government agencies to support and improve the Framework. The Framework is a living document that will evolve based on industry feedback, and best practices, including changes in the threat environment, as well as changes in information technology and cybersecurity capabilities.

Question. NIST also issues standards and guidelines for Government systems. How are those standards being aligned with the Framework?

Answer. As noted in our companion publication, “NIST Roadmap for Improving Critical Infrastructure Cybersecurity,” NIST will continue to serve as a convener and coordinator to work with industry, DHS, and other Government agencies to help organizations understand, use and improve the Framework. In addition, Executive Order 13636 called for the Framework to “identify areas for improvement that should be addressed through future collaboration with particular sectors and standards-developing organizations.” Based on stakeholder input, NIST continues to work with stakeholders on high-priority areas for development, alignment, and collaboration that will inform future revisions of the Framework.

As the Framework evolves, NIST will lead discussions of models for future governance of the Framework, such as potential transfer of the convener role to a non-government organization, while maintaining NIST involvement.

Question. What does the Department of Commerce need to do to secure its IT systems so it can become the role model for protecting dot-gov?

Answer. The Department is the principal defender and champion of the digital economy in the Federal Government. It plays a critical role in working with industry and other government stakeholders on the development of cybersecurity standards to help protect the Nation’s critical infrastructure assets. Within the Department of Commerce, the Office of the Chief Information Officer (OCIO) has developed a cyber security strategic plan that establishes the mission, vision, goals and objectives as an effort to establish itself as a role model for protecting dot-gov.

In doing so, the Department has embraced the President’s Cyber Security Cross-Agency Priority (CAP) initiatives, in collaboration with the Department of Homeland Security, in information security continuous monitoring, trusted Internet connection capabilities and traffic consolidation, and strong logical access authentication using Homeland Security Presidential Directive (HSPD-12) Personal Identify Verification (PIV) cards. Strengthening these key areas, as well as maintaining best-practices in cyber security policy, workforce training, and compliance, will ensure the Department continues to protect the Department’s information and information systems, and remains a role model for protecting dot-gov.

Last but not least, as an effort to achieve operational excellence set forth by the Department’s Cyber Security Strategic Plan, the Department’s Chief Information Officers (CIO) Council is recommending an enterprise security shared-service portfolio approach delivering efficient and effective solutions.

TRADE PROMOTION

Question. The fiscal year 2015 request for the International Trade Administration is 8 percent above the fiscal year 2014 level of \$470 million, including a \$7 million increase the Interagency Trade Enforcement Center and a \$13 million increase for SelectUSA. However, the President’s fiscal year 2015 request has only a 1 percent increase for expanding trade promotion through the U.S. and Foreign Commercial Service, and the request does not propose opening any new overseas offices.

If the trade promotion budget stays flat, how will the International Trade Administration (ITA) reevaluate its Overseas Resource Allocation Model (ORAM) to ensure that Commercial Service Officers are posted in the most promising export markets?

Answer. ITA uses the Overseas Resource Allocation Model (ORAM) and the Gap and Opportunity (GO) Analysis to inform staffing decisions. Whether or not the trade promotion budget stays flat, then Global Markets will continue to utilize both quantitative and qualitative data gathered from these resource allocation tools to make informed staffing decisions that ensure the proper allocation of existing resources, including the movement of resources, especially Foreign Commercial Service Officers. ITA updates the ORAM on an annual basis to ensure that the most up-to-date data, including growth projections, are included in the model. The model uses economic data to rank countries on two indices—market size and market structure. These two indices are then weighted and combined to generate a composite index that allows the model to group countries into three tiers based on overall

rankings. The results generated by the model are intended to be used as a starting point for identifying countries with the highest potential as a destination for U.S. exports. The model does not attempt to estimate an absolute level of “appropriate” staffing for each market or take into consideration the budgetary climate. Rather, the focus is on providing objective economic data in a consistent and rigorous analytical structure for allocating available resources.

In addition to the ORAM, Global Markets utilizes the GO Analysis to gather qualitative data to assist senior leadership with staffing decisions. The GO Analysis is designed to gather primary data from the overseas field, providing insight to challenges and opportunities at each post. The GO survey allows for a formal, standardized channel for overseas offices to request additional support.

The qualitative data from the GO Survey and the quantitative ORAM data is combined to develop country summaries, which are further reviewed by senior leadership, including regional leadership, before any resource allocation recommendations are made.

Final staffing decisions are made by senior leaders, who after evaluating both the ORAM and GO survey take budgetary and any other factors into consideration.

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

FISHERIES—WESTERN REGION

Question. Secretary Pritzker, the National Marine Fisheries Service (NMFS) plays a significant role in California. NMFS is tasked with managing and protecting endangered salmon species, and thus it participates in every major decision involving the State and Federal water projects in California to balance water needs for fish, the environment, farms, and communities.

As I understand it, NMFS is involved in the Bay Delta Conservation Plan, revision of the remanded salmon biological opinion, emergency water operations for the current drought, and a variety of salmon restoration and management programs.

In your view, is the current budget allocated to the Western Region of NMFS adequate to keep pace with the demands of the various California water initiatives?

Answer. NOAA Fisheries’ work in the Sacramento and San Joaquin watersheds occurs in three main program areas:

- Regulatory and Administrative functions for the Central Valley/State water project;
- Endangered Species Act (ESA) administration for the broader suite of actions across the entire Central Valley/San Joaquin geography; and
- Monitoring and technical support associated with these two areas.

NOAA Fisheries has a long history of working with its partners to fulfill its goals in the Sacramento and San Joaquin watersheds. These partners include the State of California and the Bureau of Reclamation. While the recent drought has increased short-term stress on completing regulatory requirements and highlighted the need for a more comprehensive management of the system focused on the long-term protection and recovery of salmonids, NOAA Fisheries has been able to keep pace with the demands of the various California water initiatives through its partnership efforts.

Question. Can you please provide me with a detailed breakdown of your activities, the resources required, and the funding gaps to meet your obligations?

Answer. NOAA Fisheries focuses resources on highest priority actions in the California Central Valley. Activities are supported by the ESA Pacific Salmon budget line. The fiscal year 2014 budget includes approximately \$6.6 million from the line for activities in the California Central Valley. Actions are focused on three primary activity areas: (1) Endangered Species Act (ESA) review and permitting, (2) ESA administration, and (3) monitoring and science. See below for a breakdown of current activities.

- Approximately \$180,000 to assist in the immediate drought response effort.
- Approximately \$400,000 per year supports biological opinion remand effort, now due in February 2018.
- Approximately \$5.0 million supports ESA administration across the Central Valley.
- Approximately \$1.0 million in funds are being used to support monitoring and science.
- Current work on the life cycle model is being funded through an interagency agreement with the U.S. Bureau of Reclamation for \$1.4 million.
- NOAA Fisheries is also conducting 3-year predation experiment funded by the by the California Department of Fish and Wildlife for \$2.0 million.

The fiscal year 2015 budget includes level funding for these activities.

Question. Besides operation of the State and Federal water projects, what other factors have you identified as the major influences and drivers of the health and abundance of salmon?

Answer. In addition to the impacts associated with the construction and operation of the Central Valley Project/State Water Project facilities, other main factors limiting the health and abundance of salmon in the Central Valley include:

- the loss of the majority of spawning and rearing habitat by dams;
- the loss of floodplain and riparian habitat availability along the main rivers and tributaries resulting from levee construction and maintenance;
- the loss of wetland habitat in the Delta;
- predation by non-native species;
- hatchery production causing reduced fitness of wild fish;
- the commercial and recreational ocean salmon fisheries;
- poor water quality resulting from agricultural and urban land use; and
- changing river and ocean conditions due to climate change.

Question. What has your Department done to address non-water project factors?

Answer. NOAA Fisheries is the Federal agency responsible for managing, conserving, and protecting living marine resources in inland, coastal, and offshore waters of the United States. NOAA Fisheries is contributing to the recovery of salmon and rebuilding of the Central Valley aquatic systems through its West Coast Region's California Central Valley Area Office. We work in the Central Valley river basins to protect species listed under the Endangered Species Act by evaluating the impact of proposed Federal actions, developing recovery plans, seeking conservation partnerships with local governments and landowners, and ensuring safe fish passage.

Pacific salmon have a unique life cycle that includes time in both inland and ocean habitats. They have particular needs at each stage of this cycle. Young salmon need clean, cool water and safe passage to the ocean, where they spend 3 to 6 years feeding and growing. They then need healthy habitat when they return to freshwater as adults to spawn. The work of NOAA Fisheries reflects the uniqueness of the salmon life cycle with biologists and engineers who:

- restore and protect important freshwater habitat for healthy rearing and spawning of salmon, such as riparian areas and floodplains;
- design safe fish passage solutions at hydropower facilities, such as Federal and non-Federal dams requiring Federal licenses, and at water diversions throughout California;
- manage hatcheries to minimize impacts on wild salmon populations; and
- work with States and tribes to ensure sustainable commercial, recreational, and tribal fisheries.

FISHERIES—REAL-TIME MONITORING

Question. It is my understanding that real-time monitoring of salmon throughout its life cycle can be extremely beneficial not only for managing the fish, but also for enabling more precise water operations. However, I have been told that NMFS's real-time monitoring capabilities are very limited right now.

What are the obstacles to developing and deploying the real-time monitoring tools?

Answer. Obstacles to real time monitoring of salmon include access limitations on private lands and labor intensive efforts and equipment needed over the long-term to collect the data. To take advantage of the best available real-time monitoring tools, an extensive fish tagging program is needed. Program needs include development of protocols, equipment (e.g., tags), adequate numbers of fish and a release strategy for tagged fish. In addition, receivers to detect fish movement would need to be installed in key locations. The receivers must be monitored frequently to ensure data transmission and operation is correct and the data must be carefully scrutinized to properly identify fish detections.

Real-time monitoring requires either direct biologist reporting and/or remote reporting (e.g., fish tags and receiving stations in the river to monitor fish movements) of information on a daily (or more frequent) basis to inform decisionmaking needed by agency managers at NOAA Fisheries, California Department of Fish and Wildlife, and other Federal and State agencies. Frequently, other information (e.g., flow gauge information and water release data) related to understanding the impacts of water operations on salmon does not require daily reporting, but is needed in a timely fashion to inform the real-time management cycle. Currently, NOAA Fish-

eries partners with State and other Federal agencies who are already collecting the information.

For salmon in coastal watersheds of California, NOAA Fisheries is engaged in technical, management, and policy discussions with the State of California regarding the State's Coastal Monitoring Plan. This Plan aims to document in real-time the status and trends of coastal California salmonids throughout their life cycles, and the condition of freshwater and estuarine habitats. However, the Plan currently lacks long-term State funding, dedicated staff, and able stakeholders to participate in monitoring.

Question. What is needed to overcome these obstacles, and by when do you think you can achieve these capabilities?

Answer. The first thing that is needed is a long term monitoring and science plan. As identified in the Bureau of Reclamation (Reclamation) and the California Department of Water Resources' Drought Operations Plan for April through November 2014, due to the necessity of rapid management decisions to achieve potential benefits to water storage or the conservation of species, agencies (including NOAA Fisheries) are interested in greater real-time operational decisionmaking, which the current monitoring system does not adequately address. To meet these real-time information needs, State and Federal agencies have committed to developing a robust multi-objective emergency fisheries monitoring and science plan, which includes improvements to current technology, to significantly improve the ability to make real-time operational decisions. NOAA Fisheries is developing additional temperature monitoring capabilities in the upstream Sacramento River area this summer. In addition, tools and research are also needed to improve understanding of biological effects associated with water operations regardless of hydrologic conditions. This overall plan will be developed by October 1, 2014, through a collaborative process led by NOAA Fisheries and the California Department of Water Resources in coordination with the other agencies. Once the plan is developed, NOAA can best determine what is needed on its part to move forward to monitor salmon in real time, in partnership with State and other Federal agencies.

FISHERIES—CALIFORNIA DROUGHT

Question. In the meantime, NMFS has been involved in discussions about emergency water operations to address California's drought conditions.

Besides the operational plan released jointly by State and Federal agencies last week, what other actions do you plan to take to assist California during this historic drought?

Answer. NOAA Fisheries, along with our Federal and State colleagues, are working diligently to balance all water needs while ensuring protections for threatened and endangered species, including Central Valley winter and spring-run Chinook salmon, Coastal California coho salmon, southern California steelhead, and the southern population of North American green sturgeon. Key concerns for these species include providing adequate cold water for salmon spawning and rearing and maintaining sufficient carryover storage in the event that drought conditions persist. Working with partners, NOAA is applying flexible management measures to meet multiple demands. For example, we recently worked with Sacramento River Settlement Contractors on options to shift a significant portion of their diversions this year out of the April and May period and into the timeframe where Keswick releases are higher to achieve temperature objectives on the upper Sacramento River. This will have benefits for both fish species and agriculture.

In addition to the current Drought Operations Plan, the Administration released a white paper entitled, "Federal Program Support For the California Bay-Delta Region", which describes the wide array of Federal activities and programs across several agencies, that complement the California Water Action Plan and goals for the Bay-Delta and the rest of the State. The white paper is available at: <http://www.doi.gov/news/upload/Federal-Investments-for-the-California-Bay-Delta-Region.pdf>.

Question. Do I have your personal commitment that you will do everything within your authority to exercise maximum flexibility under the law so that more water supplies can be made available to California such that our farms and communities will not bear a disparate burden in the regulation of California's water resources?

Answer. Droughts are hard on everyone, and we concur with the basic tenet that everyone "share the pain" in a drought farmers, urban residents, commercial fisherman, and the species that we work so hard to protect. In this extraordinarily dry year, all water users, including agricultural, municipal, and fish and wildlife uses will suffer hardship. Since December 2013, NOAA Fisheries has worked daily with other State and Federal agencies that supply water, protect fish and wildlife, and

regulate water quality to cope with this serious drought in California. Together, along with our State and Federal colleagues, we have maximized regulatory flexibility to adjust quickly to changes in the weather and environment and bolster water supplies when possible while minimizing impacts to fish and wildlife. Importantly, this rapid intra- and inter-agency coordination has sought to make real-time decisions within the existing regulatory framework rather than waive or overrun applicable law. We share common goals with our Federal and State partners and seek to ensure the best possible use of limited water supplies.

We are currently exploring ways in which we can work directly with water users and apply regulatory flexibilities to help reduce the negative effects of the drought on species listed under the Endangered Species Act (ESA) while also supporting California's agricultural activities. During the drought, water withdrawals from salmon and steelhead-bearing streams and rivers could result in a take under the ESA, and we are looking to work in partnership with individual water users to help them identify steps they can take to avoid the risk of takes. You have our commitment that collectively, with our partners in State and Federal agencies, as well as with other organizations and individuals, we will continue to work to meet health and human safety needs, legal requirements, and conservation objectives.

QUESTIONS SUBMITTED BY SENATOR MARK L. PRYOR

UNFAIR STEEL TRADE PRACTICES

Question. The U.S. Department of Commerce is responsible for conducting anti-dumping (AD) and countervailing duty (CVD) investigations as well as 5-year sunset reviews under Title VII of the Tariff Act of 1930. These investigations are triggered when U.S. companies bring cases against foreign competitors when they dump their products in our market by selling at less than fair value or when they receive government subsidies to undercut U.S. competitors in violation of U.S. trade law. Moreover, these laws are an integral part of "the rules-based international trading system," and they are the last vital defense for U.S. manufacturing against foreign unfair trade.

The first case involves sophisticated, high end steel pipe (Oil Country Tubular Goods) used in drilling for oil and natural gas which was brought against exports from a number of different countries including Korea. Exports from Korea have surged after 2009 when U.S. companies successfully brought a similar case against Chinese manufacturers over dumping the same product. As Chinese exports fell to almost nothing, exports from Korea have surged over the last 4 years. Korea is effectively targeting our market since it does not sell this product domestically or (in substantial volumes) to other nations. Ninety-eight percent of what is produced in Korea is exported directly to the United States.

Currently there are two countervailing duty and antidumping investigations being conducted by the United States Department of Commerce on imports of steel reinforcing bar (rebar) from Turkey and Mexico. Imports from Turkey and Mexico of rebar have nearly doubled from 2011 to 2013. The International Trade Commission recently found that Mexican and Turkish rebar producers are consistently underselling U.S. producers which has resulted in substantial lost sales and depressed prices. In addition, the Department of Commerce made a preliminary finding that the Government of Turkey gives energy subsidies to its rebar industry, but that such subsidies are only *de minimus* in value. You led a letter on this issue that went out this week.

I have been closely following three separate steel dumping cases, one involving high end pipe for drilling and two involving rebar. Both of these cases are now pending before the Department and are critically important to companies and workers in my State. I know you can't comment specifically on any of these cases but I have to tell you that domestic producers in my State are raising a lot of red flags. It is important to me that we get this right since the industry collectively employs over 1,800 people and another 500 contract workers in my State alone.

These investigations are a huge responsibility for the Department and I understand that these cases are extremely resource-intensive. I know domestic companies prosecuting these cases have had difficulty getting complete and accurate information from foreign producers, have complained about repeated extensions of time given to foreign producers to supply information, and about the difficulty U.S. companies then have in litigating dumping cases when they only have access to partial and untimely data.

Question. How many investigators do you have on staff and how many investigators would be assigned to a typical case?

Answer. The Department is fully committed to enforcing our trade remedy laws so that American industries and workers have the opportunity to compete on a level playing field with their foreign competitors. The enforcement of the antidumping duty (AD) and countervailing duty (CVD) trade remedy laws is one of the Department's top priorities. The Department has received numerous steel-related petitions in the past months and it is currently conducting 39 investigations involving steel products from a number of countries. The Department has devoted significant resources to these cases to ensure that unfair trade practices are identified and remedied at the border. Each investigation has unique facts. As such, the number of experts that may be assigned to a proceeding will vary from case to case. Typically, however, a case team will be staffed by 6 to 8 experts.

With respect to the ongoing cases on steel products, including those on oil country tubular goods and rebar, the Department's Enforcement and Compliance Unit, whose primary mission is conducting these trade cases, is focused on these matters and is diligently scrutinizing the information on the record of this proceeding in order to identify the extent of any unfair dumping or subsidization.

Question. Do you have adequate resources to conduct investigations on these matters?

Answer. With respect to the question of whether the Department has adequate resources to conduct these investigations, Enforcement and Compliance currently has approximately 115 international trade compliance analysts, 23 policy analysts, 20 accountants, and 27 legal experts who are tasked with investigating allegations of dumping and unfair subsidization. The Department supports the request of the President as reflected in his budget proposal and will ensure that the vigorous enforcement of U.S. trade remedy laws remains a top priority. The Department will continue to conduct all antidumping and countervailing duty investigations in a thorough transparent manner, in accordance with U.S. law and our international obligations.

Question. In a case like the Korea Oil Country Tubular Goods (OCTG) matter, how many Department of Commerce investigators would travel to Korea to conduct the investigation and how long would they be on site?

Answer. A large portion of the Department's work in an investigation or administrative review takes place in the United States, with the Department analyzing information that foreign producers or exporters provide in response to questionnaires issued by the Department. In addition, in accordance with U.S. law, the Department verifies information relied upon in making a final determination in AD and CVD investigations or the final results of an administrative review if certain requirements are met. Typically, two analysts and two accountants conduct on-site verifications of each responding company's sales and cost of production information. The verification process, which may take one week or more, is designed to focus on a prioritized, cross section of information, and to check the validity of the factual information submitted by the respondent in the questionnaire response and confirm whether the Department can rely on the factual information to make its final determination.

Question. As Secretary of Commerce, will you commit to making enforcement of our trade laws a top priority of the Department?

Answer. Yes. The Department takes seriously the enforcement of our trade laws which provide U.S. manufacturers a means to remedy the market-distorting effects of unfair dumping and subsidization. The Department is fully committed to vigorously enforcing our trade laws and to addressing unfair trade practices in accordance with our statutes, regulations, and international obligations in order to help ensure that U.S. firms and workers have the opportunity to compete on a level playing field.

Question. Will you take the lead—in multilateral and bilateral negotiations in defending, preserving and enhancing U.S. laws against unfair trade, and in opposing any efforts to weaken these laws?

Answer. The Department strongly supports the goal of defending, preserving and enhancing U.S. trade laws. The Department works closely, and will continue to work closely, with the Office of the U.S. Trade Representative to ensure that any bilateral, multilateral or regional trade negotiations pursued by the United States do not undermine the strength and effectiveness of the U.S. unfair trade remedies, so that U.S. manufacturers, exporters, agricultural interests and workers all share the benefits that such trade agreements bring.

REGIONAL INNOVATION STRATEGIES PROGRAM

Question. I am pleased to see that the Department's fiscal year 2015 budget requests \$25 million for the Regional Innovation Strategies Program. This funding is

to be used for both grants and the science park loan guarantees authorized in Section 603 of the America COMPETES Reauthorization Act of 2010. I am also pleased to learn that the Economic Development Administration (EDA) is standing up a loan guarantee program for the science park and advanced manufacturing loan guarantees.

How will this funding be apportioned between the grants and the loan guarantees?

Answer. EDA is currently working to stand up the loan guarantee program, which is a substantial process that includes the development of regulations that will govern program administration. This process is expected to take until late 2015, at which time EDA expects to be able to provide its first loan guarantees. In the meantime, EDA plans to provide competitive grant funding through the Regional Innovation Strategies (RIS) program throughout fiscal year 2015 in order to accelerate the economic impact of the program. Fund apportionment between the grants and loan guarantees will be based on demand for each from potential applicants. At this point, it is clear that there will be a strong demand for grant funding, while demand for loan guarantees will become clearer as EDA moves further along in the program development process throughout 2014 and 2015. EDA will have an outreach campaign to industry and lenders by January of 2015. EDA would be pleased to provide updates on levels of demand for loan guarantees, which will inform the process for funding apportionments between grants and loan guarantees.

Question. What results have been realized from the previous rounds of the I6 and Jobs & Accelerator grants?

Answer. EDA has made a number of planning and implementation investments in science park projects in recent years across the country. For example, last year, EDA awarded a grant to the University of Connecticut, Storrs, Connecticut, to support the development and implementation of a regional economic development analysis and determination of opportunities associated with the 2015 opening of the University of Connecticut's Technology Park, which will promote economic growth opportunities statewide. EDA also provided funding last year to Prairie View A&M University, Prairie View, Texas, to support the development and implementation of the Prairie View Comprehensive Economic Development Strategy through a collaboration of the various academic departments, city officials, and business stakeholders to help establish a science and technology research park as an innovative way to enhance the area's economy.

Question. What is the status of the loan guarantee program? When will it be operational? When will the Department issue a Federal funding opportunity?

Answer. Planning for these programs is well underway, and EDA has consulted with other Federal agencies on best practices for how to implement a successful program. EDA is moving forward with standing up the science park loan guarantee program and the loan guarantee program for innovative manufacturing. A contractor has been hired to help set up the program including identifying staffing needs and providing a detailed timeline of deliverables.

The timeline for standing up the loan program is still in development, so milestone dates are still tentative. EDA expects to have a staff hired and begin outreach to industry and lenders by January of 2015. Outreach will be done through the distribution of marketing materials and outreach to trade associations and lenders. The first loan Commitment is expected to happen by the end of calendar year 2015.

RURAL BROADBAND

Question. As Chairman of the Communications, Technology, Innovation, and the Internet (CTI) Subcommittee, I have jurisdiction over the National Telecommunications & Information Administration (NTIA), which is housed under the Department of Commerce. Bringing high-speed broadband to all rural consumers is vital to the future of the Nation. Broadband is the gateway to the worldwide digital economy, and offer access to world-class education, healthcare, entertainment, and civic engagement.

Under your leadership, how would the NTIA continue to support broadband deployment and adoption as the Recovery Act grant programs wind down?

Answer. The \$4 billion in Broadband Technology Opportunities Program (BTOP) grants in which NTIA has invested are helping to ensure that Americans have the resources and skills needed to benefit from the economic, educational, and civic opportunities the Internet makes possible. Our broadband grant projects have created or saved thousands of jobs while making an immediate economic impact in some of the country's hardest hit communities. BTOP projects have already delivered approximately 112,000 miles of broadband networks; connected more than 21,000 schools, libraries, and healthcare facilities to broadband; and deployed more than

46,000 computer workstations across the Nation. These projects are making a positive difference in the communities they serve and laying a foundation for long-term economic growth.

The President's 2015 budget request builds upon this success by repurposing funds saved from the ramping down of the BTOP grant program. NTIA will continue oversight of existing grants and will utilize our team's expertise to build coalitions and provide needed technical expertise to promote expansion of broadband into communities. For example, our team will continue to collaborate with and provide technical assistance to the network of State broadband leaders and offices like Connect Arkansas, even though our grant funding for the State Broadband Initiative has ended. Our strategy utilizes a public/private partnership concept and builds on the strong working relationships developed with broadband providers, municipal organizations, innovation economy firms, non-profit organizations, foundations, and other Federal stakeholders. By leveraging these partnerships, we will develop national strategies that will encourage communities to elevate their broadband preparedness and innovation readiness, making significant strides toward meeting the Administration's broadband and economic development goals. It also enables better identification of opportunities to empower community leaders and provide them with tools to advance projects which attract new business investments and spur economic growth.

Question. What do you think are the biggest challenges in bringing next generation Internet and communications networks to rural America?

Answer. Geography, population density, cost, and lagging adoption are all significant challenges to bringing broadband to rural communities. The Department is committed to expanding broadband across America as an engine of economic and social growth. The President's 2015 budget request includes repurposing funds for the purpose of working strategically with communities to enable them to fulfill their broadband needs.

BUY AMERICA

Question. Buy America and Buy American are separate legislation and regulation requirements. Buy America applies solely to grants issued by the Federal Transit Administration and Federal Highway Administration. Buy American may be applied to all direct U.S. Federal procurement.

The Buy American Act of 1933 generally requires Federal agencies to purchase "domestic end products" and use "domestic construction materials" on contracts performed in the United States exceeding a purchase threshold.

The Buy America Act which is the popular name for a group of domestic content restrictions that have been attached to grant funds administered by the Department of Transportation (DOT) generally requires that steel, iron, and manufactured products made primarily of steel or iron and used in infrastructure projects be produced or manufactured in the United States.

One of the great ways to put Americans back to work is to invest in U.S. manufacturing and infrastructure. Buy American laws are a proven job creation tool that are broadly supported by the American people and State and local governments.

For too long, too many companies have shipped U.S. jobs overseas. Meanwhile, companies that used to make things and hire people and pay taxes here in the United States continue to lose out on their share of Government contracts.

In the past few years, more than 3 million manufacturing workers have lost their jobs. The Nation's infrastructure needs to be rebuilt. The American Society of Civil Engineers has given U.S. infrastructure a grade of D. Requiring companies to use Federal money to purchase domestic materials and manufactured goods will not harm American workers. Quite the contrary, it will provide much-needed jobs to millions of Americans and will help restore our Nation's economy.

What can the Department of Commerce do to promote Buy American laws?

Answer. The Department of Commerce works closely with the Office of the United States Trade Representative (USTR) to use U.S. domestic content laws to the advantage of U.S. exporters when trying to open government procurement markets abroad. The Trade Agreements Act of 1979 generally prohibits the U.S. Federal Government from procuring goods or services from countries with which the United States does not have a reciprocal government procurement trade agreement. If our trading partners guarantee non-discriminatory treatment in their government procurement market for U.S. goods and services, the United States reciprocates by waiving the Buy American Act for certain procurements in our market.

Question. Why is the Department not demanding more domestic content in the products it buys and the grants it issues?

Answer. The Department of Commerce follows the United States Federal Acquisition Regulations in terms of complying with the Buy American Act and the domestic content requirements prescribed in the Act.

Question. How can Congress strengthen Buy American?

Answer. Whatever action Congress decides to take to strengthen Buy American laws should be consistent with our international trade obligations, as was done when Congress passed the American Recovery and Reinvestment Act of 2009. By having measures consistent with our international trade obligations, the United States avoids trade disputes with our trading partners that would ultimately punish U.S. exporters and workers.

QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

STEEL DUMPING

Question. Steel producers in my State have alerted me that low priced steel products are surging into the U.S. market, leading to significant declines in production and sales, and ultimately forcing companies to close facilities, lay off workers and cut worker hours. They believe these imports are unfairly traded and have filed trade cases under our dumping and subsidy laws.

However, I am concerned that budget constraints at the Department threaten to undermine the vigorous application and enforcement of our trade laws. For example, over the past several years, the Department has been forced to significantly reduce its efforts to verify the accuracy of information submitted by foreign producers in trade remedy proceedings.

Can you assure me that the Department will vigorously apply and enforce the U.S. trade remedy laws? And do you believe that you have adequate resources to do so?

Answer. The Department is fully committed to enforcing our trade remedy laws so that American industries and workers have the opportunity to compete on a level playing field with their foreign competitors. The enforcement of the antidumping duty and countervailing duty trade remedy laws is one of the Department's top priorities. The Department has received numerous steel-related petitions in the past months and it is currently conducting 39 investigations involving steel products from a number of countries. This figure represents roughly 75 percent of the Department's ongoing investigations and it has devoted significant resources to these cases to ensure that unfair trade practices are identified and remedied at the border. With respect to the ongoing cases on steel products, the Department's Enforcement and Compliance Unit, whose primary mission is conducting these trade cases, is focused on these matters and is diligently scrutinizing the information on the record of these proceedings to identify the extent of any unfair dumping or subsidization.

With respect to whether the Department has the adequate resources to enforce U.S. trade remedy laws, the Department supports the request of the President as reflected in his budget proposal and will ensure that the vigorous enforcement of U.S. trade remedy laws remains a top priority. The Department will continue to conduct all antidumping and countervailing duty investigations in a thorough and transparent manner, in accordance with U.S. law and our international obligations.

Question. Given budgetary constraints, do you agree that the Department should prioritize resources for those offices that have a primary role in investigating dumped and subsidized imports (for example, the office of enforcement and the office of accounting, as opposed to the office of AD/CVD policy)? If not, why not?

Answer. The Department conducts all trade remedy proceedings in a thorough manner, in accordance with U.S. law and our international obligations. Enforcement and Compliance's Office of Policy and Negotiations is an integral part of the Department of Commerce team responsible for investigating allegations of unfair dumping and subsidization, and also provides valuable counseling and guidance to U.S. companies, including small and medium-sized enterprises, that are being harmed by foreign unfair trade practices.

QUESTION SUBMITTED BY SENATOR SENATOR JEANNE SHAHEEN

INTERNATIONAL TRADE ADMINISTRATION-TRANS-PACIFIC PARTNERSHIP (TPP)

Question. Secretary Pritzker, I'm curious to learn more about the role of the Department of Commerce in trade negotiations, specifically the Trans-Pacific Partnership (TPP). As you know, I am very interested in ensuring that manufacturers in New Hampshire and across the country are able to compete on a level playing field

globally, especially in the areas of textile manufacturing and footwear. As the TPP is negotiated, we must ensure that we maintain the competitiveness of these industries in New Hampshire and the United States.

As I'm sure you are aware, Vietnam is pressing for a "relaxed rule of origin" for textiles. This would run counter to the long-held U.S. Government position of supporting a Yarn Forward Rule of Origin, which would require all textile and apparel manufacturing to be completed in countries that are part of TPP. In fact, my colleagues and I in the New Hampshire Congressional delegation feel so strongly that we, as you may recall, sent a letter in February to you and Ambassador Michael Froman about this issue.

Can you explain the Commerce Department's role in ensuring strong textile rules in the TPP, and how your agency interacts with the U.S. Trade Representative to support a TPP outcome that will be beneficial to textile producers in New Hampshire and across the country?

Answer. The Department appreciated hearing from you and your colleagues in the New Hampshire Congressional delegation on this important trade matter. The Department of Commerce's Deputy Assistant Secretary for Textiles, Consumer Goods, and Materials has been intimately involved in each round of these negotiations, working with the Assistant United States Trade Representative (USTR) for Textiles to ensure that the concerns of our domestic industry stakeholders are addressed. The Administration strongly supports the "yarn-forward" rules of origin and is committed to reaching an agreement in the TPP that benefits the textile and apparel industries in all of the partner countries, including our own. The U.S. textile negotiating team includes textile experts from Customs and Border Protection to make sure that the agreements have strong enforcement provisions. The team also works in close consultation with U.S. industry and other stakeholders to develop a responsible approach to tariff elimination that ensures our textile industry will not be competitively disadvantaged. The Department will continue to consult with industry and other stakeholders on matters of concern.

QUESTIONS SUBMITTED BY SENATOR RICHARD C. SHELBY

FISHERIES

Question. The Department plays a primary role in the management of our Nation's marine fisheries. I am especially interested in this because of Alabama's connection to the Gulf of Mexico. Recent reports have suggested there may be lasting impacts on the health of different fisheries following the 2010 oil spill.

What is the Department proposing in 2015 to ensure we understand the long-term impacts of the *Deepwater Horizon* spill and how best to address them?

Answer. The Department is involved in several major initiatives that support the environmental and economic recovery of the gulf following the *Deepwater Horizon* spill.

For the Natural Resource Damage Assessment (NRDA) process conducted under the Oil Pollution Act, the Department, through the National Oceanic and Atmospheric Administration (NOAA), will be working with our State and Federal co-trustees to finalize the analysis of data gathered as part of the NRDA injury assessment and developing appropriate restoration to address oil spill injuries. This process will result in a Damage Assessment and Restoration Plan for which a draft will be presented to the public for review and a final version presented to the Responsible Party as a requirement under Oil Pollution Act.

Regarding how best to address impacts, NOAA, on behalf of the Department, will also be working with the National Fish and Wildlife Foundation and our State partners to fulfill our established role under the Gulf Environmental Benefit Fund. In this role, the National Fish and Wildlife Foundation consults with NOAA for advice in restoration project identification and in maximizing environmental benefits of those projects. NOAA views this advisory role as a key opportunity to support the States to promote a coordinated and successful approach for restoring the gulf.

NOAA is also deeply involved with the RESTORE program. Under section 1604 of the RESTORE Act, NOAA is authorized, in consultation with the U.S. Fish and Wildlife Service, to establish and administer a "Gulf Coast Ecosystem Restoration Science, Observation, Monitoring, and Technology Program" (informally, the NOAA RESTORE Act Science Program). The mission of the RESTORE Act Science Program is to initiate and sustain an integrative, holistic understanding of the Gulf of Mexico ecosystem and support, to the maximum extent practicable, restoration efforts and the long-term sustainability of the ecosystem, including its fish stocks,

fishing industries, habitat, and wildlife through ecosystem research, observation, monitoring, and technology development.

Question. With regards to red snapper fishery in the gulf, will the Department take advantage of current technology such as electronic monitoring and reporting to increase the amount of real-time data it receives to inform management practices for recreational fishermen?

Answer. The Department has made progress on employing electronic reporting for recreational reporting for Gulf of Mexico red snapper, as explained below.

Electronic Reporting on Headboats

On March 5, 2014, the final rule became effective that requires federally permitted headboats in the Gulf of Mexico to submit their logbook data to NOAA Fisheries electronically on a weekly basis. The purpose for shifting from paper logbooks, which were submitted monthly, to weekly electronic reporting was to ensure effort, landings, and discard information of federally managed fish are recorded accurately and in a timely manner. The intent of the rule is to ensure annual catch limits are not exceeded.

Additionally, in August 2013 NOAA Fisheries approved an exempted fishing permit. The exempted fishing permit, which was developed by the Gulf Headboat Collaborative, became effective January 1, 2014. The intent of the exempted fishing permit is to evaluate a new electronic data collection system and test whether an allocation-based management system can more effectively achieve conservation and management goals than the existing management system. A total of 17 for-hire headboats are currently participating in the exempted fishing permit. Vessels are required to have a vessel monitoring system, submit an electronic hail out before every trip via their vessel monitoring system, submit an electronic hail in via their vessel monitoring system before returning to report, and submit an electronic logbook to the SE Headboat Survey on the day of the trip. These electronic reporting requirements are intended to ensure landings are reported in an accurate and timely manner and law enforcement and port samplers have opportunities to inspect and validate reported landings.

Electronic Reporting on Charter Boats

The South Atlantic and Gulf of Mexico Fishery Management Councils have established a joint technical committee to develop recommendations on how to best achieve an electronic reporting system for charter vessels. The committee will hold its first meeting in late May and its recommendations will be provided for the Councils' consideration by December 1, 2014. Meantime, Federal scientists and managers have collaborated to prepare a white paper that outlines a range of program objectives and alternatives for meeting those objectives to serve as a starting point for the committee's deliberations. Decisions by the Councils and the Department on the use of electronic reporting in the charter fleet for red snapper and other recreationally important species will be informed by these recommendations.

Pilot Studies Using Electronic Reporting for Pulse Fisheries

The baseline Marine Recreational Information Program (MRIP) surveys conducted by NOAA Fisheries and its partners are designed primarily to obtain reliable estimates of annual catch and effort for unit stocks of our most important recreational fisheries. Fisheries such as gulf red snapper that are intensively prosecuted for short time periods ("pulse" fisheries), or those that are infrequently encountered in our sampling ("rare event" fisheries), are sampled by the MRIP baseline surveys, but the results are not usually available until the season is well under way or even ended. Moreover, the catch estimates for small geographic areas or short time intervals may not be sufficiently precise to meet the needs of managers. Recognizing this, the NOAA Fisheries MRIP program is conducting a series of workshops with Gulf of Mexico management partners to develop and test a number of methods, including modification of the current MRIP survey design, which may enable collection of supplemental red snapper catch data that better fits the needs of the region's managers.

MRIP has agreed to fund three pilot projects this year two in Alabama and one in Texas that will use electronic reporting technology to obtain in-season data on red snapper catch. We believe that testing these three designs, and others in Florida and Louisiana that were reviewed in the workshops, will result in identification of workable approaches to supplemental data collection that are more timely and better suited to the challenges of red snapper and similarly managed fisheries in the future.

TRADE

Question. Secretary Pritzker, the Administration is pursuing an aggressive trade agenda. This requires resources to ensure we maintain a strong position during negotiations, but also tremendous resources in the future to enforce and oversee the agreements reached.

How will closing out a major trade deal such as the Trans-Pacific Partnership impact the Department's future budget proposals?

Answer. The Department of Commerce's International Trade Administration (ITA) plays a critical role in supporting the negotiation, implementation, and successful operation of trade agreements. Specifically, ITA works to:

- represent the interests of exporters and investors during negotiations;
- engage our trading partners on implementing the agreement's guarantees of market access and fair treatment;
- monitor an agreement's operation to ensure those guarantees are being upheld; and
- conduct outreach on the agreement to promote exports and investment.

The Department is therefore constantly assessing its resource needs so that ITA will be able to fulfill its mission in these respects, and to ensure that U.S. industry is receiving the full benefit of the United States' trade agreements.

Question. Does the Department consider the future resource needs required by new trade deals before entering into new trade negotiations?

Answer. The Department continually endeavors to ensure that it is able to carry out its mission with respect to trade agreements, including planning for both new trade negotiations and the implementation and monitoring of those agreements already in place.

TRADE—ECONOMIC DEVELOPMENT ADMINISTRATION

Question. Secretary Pritzker, the Administration is pursuing an aggressive trade agenda. This requires resources to ensure we maintain a strong position during negotiations, but also tremendous resources in the future to enforce and oversee the agreements reached.

With such an ambitious trade agenda, why has the Department proposed cutting support for programs that help American businesses deal with the impacts of trade agreements, such as the Economic Development Administration's (EDA's) Trade Adjustment Assistance (TAA) program?

Answer. The Department of Commerce is committed to ensuring that we provide assistance to American trade impacted communities and firms. The lowered funding is a result of working to achieve the best and most balanced allocation of fixed dollars in EDA's budget across all of its program areas to achieve the best return on investment and greatest impact for the communities we serve. To improve the TAA program, EDA is establishing a process where the Trade Adjustment Assistance Centers (TAACs) will be required to compete on merit for TAA funding. EDA is also working with TAACs to achieve greater efficiency and cost savings. In addition, EDA is able to help trade-impacted communities and firms through its Economic Adjustment Assistance Program, thereby potentially reducing the need for TAA funds. Economic Adjustment Assistance is EDA's most flexible program and is critical to the agency maintaining its ability to effectively and efficiently respond in real time to economic dislocations as they occur, including trade impacts.

POLAR SATELLITE PROGRAM ROBUSTNESS

Question. There exists a real risk for catastrophe should JPSS-1 fail. I find it unacceptable that a program so critical to the safety of our Nation should be one failure away from catastrophe.

Secretary Pritzker, what is the Department proposing in its 2015 budget to increase the robustness of the JPSS program to ensure that NOAA can fulfill its weather forecasting mission in the event of a failure?

Answer. The Administration remains focused on increasing the robustness of our polar orbiting weather satellite program and mitigating the potential impacts to NOAA's National Weather Service (NWS) forecasts, services and products in the event a gap materializes. The fiscal year 2015 President's budget allows NOAA to do three things to increase the robustness of the polar program. First, the budget provides sufficient funds to ensure the primary satellite providing operational weather data in the afternoon polar orbit, Suomi NPP, is operated and managed to maximize the length of its mission life. Second, the budget keeps the JPSS-1 spacecraft on track to launch no later than the second quarter of fiscal year 2017. Finally, the budget allows the JPSS program to purchase additional, critical long lead sub-

assemblies and parts to support the build of spare ATMS (Advanced Technology Microwave Sounder) and CrIS (Cross-track Infrared Sounder) instruments, while also protecting the accelerated JPSS-2 schedules. These two instruments ATMS and CrIS are the most critical to the NWS.

The Department recognizes the need to build robustness into the JPSS program to maintain observations in the event of a loss of a satellite in the afternoon polar orbit. The formulation and acceleration of follow-on missions is a critical component of NOAA's strategy to reduce the likelihood of a gap in satellite data through a more robust JPSS architecture. NOAA is looking at recommendations made by the NESDIS Enterprise Independent Review Team's (IRT) for a robust polar follow-on program and a Gap Filler mission to guard against a gap in polar data beyond JPSS-1. The Administration acknowledges that the first step in any decision is the procurement of long lead parts for ATMS and CrIS as quickly as possible.

SATELLITE GAP MITIGATION

Question. The Commerce IG and GAO anticipate a gap in critical data from polar orbiting satellites. This would be detrimental to the safety of millions of Americans. This is an issue we discussed with your predecessor last year and unfortunately, I have not seen any movement by the Department that indicates steps have been taken to address the potential gap. Great focus has been placed on redundancy but the same cannot be said for closing or eliminating the gap.

Would you describe how the Department's 2015 budget proposal would mitigate the impacts of a gap in polar satellite data?

Answer. The most important way to mitigate a gap in polar satellite data is to increase the robustness of the Nation's polar orbiting weather satellite program. The fiscal year 2015 President's budget allows NOAA to do three things to increase the robustness of the polar program. First, the budget provides sufficient funds to ensure the primary satellite providing operational weather data in the afternoon polar orbit, Suomi NPP, is operated and managed to maximize the length of its mission life. Second, the budget keeps the JPSS-1 spacecraft on track to launch no later than the second quarter of fiscal year 2017. Finally, the budget allows the JPSS program to purchase additional, critical long lead sub-assemblies and parts to support the build of spare ATMS (Advanced Technology Microwave Sounder) and CrIS (Cross-track Infrared Sounder) instruments, while also protecting the accelerated JPSS-2 schedules. These two instruments ATMS and CrIS are the most critical to the NWS.

The fiscal year 2015 budget supports NOAA's contribution to the Global Navigation Satellite System Radio Occultation (GNSSRO) program, an important step to mitigate the impacts of a potential gap in polar satellite data on the NWS forecasts, products and services. GNSSRO, a partnership among NOAA, NASA, U.S. Air Force, Brazil and Taiwan, will provide high quality radio occultation data globally. Radio occultation data improves the NWS's models and helps to calibrate all other available sources of polar data. High quality radio occultation data was found to be an extremely important mitigator to the effects of a gap in polar data in the 2013 Riverside report on the subject.

In fiscal year 2015 NOAA continues to execute and leverage Gap Mitigation projects funded through the Sandy Supplemental appropriation (Public Law 113-2). These projects are essential in NOAA's efforts to mitigate the impact from the potential loss of JPSS-1 data from several standpoints: Observations, Modeling and Supercomputing. They expand NOAA's Weather and Climate Operational Supercomputing System (WCOSS) capacity to fully exploit observational and model improvements and support the use of satellite Atmospheric Motion Vectors, cloud-impacted satellite sounding data, the Department of Defense Special Sensor Microwave Imager (SSM/I) instruments, advanced imagery from Geostationary Operational Environmental Satellite-R Series (GOES-R Series), and an increased amount of aircraft data to enhance NOAA's Global Forecast System (GFS), to name a few. These Gap Mitigation projects ensure that the NWS has the ability to support improved GFS products in event of a JPSS-1 failure.

These projects would only provide limited substitute for the type and quality of data that the JPSS satellites provide for NWS numerical weather prediction. The fiscal year 2015 President's budget request for NOAA's satellite acquisition programs ensures that they remain on schedule, within cost, and are launched on time to provide support to the Nation's weather enterprise.

Question. Is there an actual plan to fill a gap or are you simply analyzing options to mitigate the gap?

Answer. NOAA is actively planning to reduce the risk of a gap; however, there is no viable option for accelerating the launch of JPSS-1 at this time. However,

Suomi NPP now serves as the primary operational polar-orbiting spacecraft for NOAA's operational weather forecasting mission and is being operated and managed to maximize the length of its mission life. Additionally, there are legacy NASA and NOAA satellites that are operating beyond their design lives that are still returning quality observations, and which we expect to provide mitigation in the event of an unexpected premature failure of Suomi NPP or on launch failure or early failure soon after launch of JPSS-1. The improved use of existing satellite observations and development of advanced data assimilation techniques should lessen, but not eliminate, a gap's impact on NWS product quality.

The Department of Commerce agrees with the November 2013 IRT report that the current polar satellite program is not robust. NOAA and NASA are currently analyzing options to minimize the length of time in which the polar program is "one failure away from a gap" and to mitigate a gap, should one occur. The intent of this analysis is to determine the most viable options for bringing the program to a more robust posture as soon as possible.

This budget invests the resources needed to take the first critical steps to building robustness into the polar satellite program by beginning the purchase of copies of additional, critical long lead sub-assemblies and parts to support the build of spare ATMS and CrIS instruments.

Question. Is the Department still considering obtaining satellite data from other countries if there is a gap? If so, does that mean that the United States would be dependent on countries such as China or Russia for data?

Answer. The Department already obtains critical polar-orbiting weather satellite data from our international partners including the European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT) and the Japan Meteorological Agency (JMA) and Japan Aerospace Exploration Agency (JAXA).

The Department is not planning to obtain data from Chinese or Russian weather satellite programs to mitigate the gap. NOAA's reliance on certain international partners for weather satellite data, critical to the protection of life and property in the United States, is an Administration decision.

CENSUS

Question. The budget request includes an increase in funding for the 2020 Census. Most of this increase is tied to investments that, it is argued, will produce substantial savings over the entire 2020 Census effort. However, the Department had a similar plan for the 2010 Census that resulted in lost investments worth hundreds of millions of dollars and an increase to the overall cost of the Census by more than a billion dollars as the 2010 Census returned to a paper-based non-response follow up.

How confident are you that the proposed investments for the 2020 Census will actually save money?

Answer. We are confident that we can save money in 2020 Census compared to the 2010 cycle provided we receive the resources required in fiscal year 2015 for the research, testing and development program.

This Administration is committed to conducting the 2020 Census at a lower cost per household than the 2010 Census while maintaining high-quality results. The Census Bureau updated the lifecycle estimate to accompany the fiscal year 2015 request. The preliminary estimate shows we could realize a savings of at least \$5 billion from the cost of repeating the 2010 Census design. However, we must prove that these design changes will realize cost-savings through our research and testing program.

The potential design-change activities include:

- targeting our address canvassing operations to areas experiencing change not already reflected in our address list;
- optimizing self-response to include the use of the Internet and other communications innovations;
- re-engineering field operations using automation, case routing, and other techniques; and
- using administrative records to reduce workload.

Savings ranges associated with these design options are shown in the updated lifecycle estimate presented in the fiscal year 2015 budget request. While the research we've done so far shows such savings are possible, there is still uncertainty. We need to complete the research planned for fiscal year 2015 to demonstrate that this redesigned census will work and that savings can be achieved.

Our research program is not strictly focused on how to save money; there are other benefits to this program. Innovation will allow us to contain costs while maintaining the high quality census that the country demands. Obtaining a complete and

accurate census every 10 years becomes more complex and difficult with each successive cycle. For the 2020 Census, a larger, more diverse population will be more difficult and expensive to count. While we can reduce costs per household considerably by utilizing advances in technology and innovations in the design of the decennial census, there is a point at which reducing costs could lead to a significant reduction in the quality of census data. The 2020 research and testing program will help us gain a better understanding of this trade off, so we can contain costs without sacrificing coverage and data quality, and so we can share this information with the Congress and other stakeholders.

IT projects and acquisition strategies are regularly reviewed by governance bodies like the Department of Commerce's Information Technology Review Board and Acquisition Review Board respectively.

Question. What controls have you put in place to ensure that taxpayers will not be presented with another billion dollar bill at the last minute?

Answer. From the standpoint of the 2020 Census program as a whole, to ensure that we stay on track with these cost-saving design-change efforts, we have completed the high-level baseline 2020 Census Schedule and detailed baseline schedules for the research and testing program including those for the 2014 Census test and will continue to mature the integrated master schedule. The 2020 Census Risk Review Board, which has representation from across the Census Bureau monitors program-level risks and develops mitigation plans for those risks. Additionally, the Economics and Statistics Administration and the Department of Commerce provide oversight to ensure the Census Bureau is on track with the research and testing activities that will drive the major design decisions.

Regarding our approaches to information technology management, in order to avoid a repeat of the issues that the program experienced in the 2010 Census, which led to late decade census design changes and cost increases, the Census Bureau has been taking a more rigorous approach to information technology management, program management, and risk management. This approach is informed by the lessons we learned in the 2010 Census but also anticipates the environment of the 2020 Census.

With respect to technology management, the Bureau has implemented IT portfolio management and a strong partnership between the Chief Information Officer and the Associate Director for Decennial Census Programs. In this collaboration, leaders are making decisions about information technology to reduce both cost *and* risk compared to the 2010 Census.

The Bureau believes using off the shelf technology greatly reduces risks of failure. We also believe use of agile development approach to systems development (currently employed by the Census Bureau and our contractors) will ensure requirements are being met.

The Department of Commerce is working with the Census Bureau to implement an open and transparent acquisitions process that starts in the planning phase of the project lifecycle, is consistent and repeatable, and applies to solutions regardless of whether they leverage in-house resources or major contracts. In addition, adapting program management and system engineering disciplines and best practices including risk, scope and cost management will help avoid the problems associated with the purchase of handhelds for the 2010 Census. These practices were put in place for the 2010 data capture system, which was cited by GAO as an exemplary IT investment.

As part of the efforts to improve the 2020 Census, the Census Bureau is taking advantage of technology and operations research methods to re-engineer the field data collection operations reducing both the infrastructure required to support these operations and the actual hours that enumerators spend collecting the data.

The Census Bureau is field testing automation throughout the research period in order to identify and mitigate risks associated with technology issues. The enumeration instrument prototype will be used in 2014 and 2015 Census testing. The Census Bureau has instituted a mobile computing strategy for all current surveys and the 2020 Census.

In addition to these efforts within the 2020 Census itself, the fiscal year 2015 budget proposes an initiative to bring an enterprise approach to data collection and processing. This Census Enterprise Data Collection and Processing (or, CEDCaP) initiative will change the past practice of building new and unique data collection processing systems for each survey or census including the decennial census. Instead, the Census Bureau will build a "system of systems" that offers shared data collection and processing services across the enterprise. This system will both precede and outlast the 2020 Census and will provide a solution that is mature and proven for the 2020 Census at an estimated cost lower than the cost of the 2010 Census.

The program management discipline is not limited to the information technology aspects of the program. The entire 2020 Census program applies industry best practices for program management including the preparation and progressive elaboration of detailed cost estimates for the lifecycle of the census, and a well-established risk management process. As part of the risk management process, the program creates and executes risk mitigation plans to reduce the likelihood of these risks including those with large budget impacts. As the design decisions mature the risk management will mature to include assigning costs to any potential contingencies. These risk management practices will help us identify the sources of potential cost increases, so we can address these issues at the source and keep the budget impacts to a minimum should they occur.

Another best practice is to conduct regular program management reviews open to stakeholders to increase the transparency of the program. This commitment to transparency will raise issues earlier in the program when they are easier and less costly to solve. Since December of 2012, the 2020 Census program has conducted quarterly day-long Program Management Review meetings with key internal and external stakeholders, including representatives from the Economics and Statistics Administration, the Department of Commerce, GAO, OIG, OMB, both House and Senate oversight and appropriations committees, and the National Academy of Sciences. IT projects and acquisition strategies are regularly reviewed by governance bodies like the Department of Commerce's Information Technology Review Board and Acquisition Review Board. These meetings provide an opportunity to keep these stakeholders informed and to gain their input and suggestions about plans, issues, and research results. Towards the same ends, the 2020 Census program also has been actively engaged with the Census Bureau's Scientific Advisory Committee, its National Advisory Committee (including its working groups focused on key issues such as use of administrative records, privacy, and improvements to the Census questions on race and ethnicity), and a panel of experts at the National Academy of Sciences.

All of these efforts are aimed at improving the quality of our programs and their results, and reducing the risks of those things that can lead to cost over-runs or bad outcomes, e.g., poor requirements definition, inaccurate cost estimates, or insufficient engagement with stakeholders (and thus poor understanding of their needs and goals).

NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION

Question. NTIA serves a primary role as the representative of the United States on the Internet Corporation for Assigned Names and Numbers (ICANN) Governmental Advisory Committee (GAC).

Over the past year, how has NTIA represented the interests of our Nation in protecting American companies, consumers, and intellectual property?

Answer. Within ICANN's multi-stakeholder structure, the Governmental Advisory Committee (GAC) provides governments a meaningful opportunity to participate in the development of policies related to Internet domain name system (DNS) issues. NTIA represents the U.S. in the GAC, and has actively engaged with its counterparts in the GAC to develop consensus advice to ICANN. ICANN improved the new generic top-level domain (gTLD) program by incorporating a significant number of proposals from the GAC, such as providing law enforcement and consumer protection authorities with significantly more tools to address malicious conduct, as well as enhanced mechanisms to protect intellectual property rights in new gTLDs.

Over the course of three ICANN meetings in 2013, NTIA coordinated U.S. proposals covering a broad range of safeguards intended to mitigate against consumer harm and criminal abuse of the DNS, a majority of which were adopted and submitted as consensus GAC advice to ICANN (also known as the April 2013 GAC Beijing Communique). In this context, NTIA has actively engaged in consultations with a broad range of commercial interests. Ensuring the protection of the rights of trademark owners and ensuring appropriate consumer protections as the new gTLD process moves forward has been a priority over the course of NTIA's advocacy efforts to develop appropriate safeguards for new gTLDs. NTIA also contributed to the development of GAC consensus advice in the June 2013 Durban and November 2013 Buenos Aires Communiqués that provided additional specificity to protect consumers and businesses in the new gTLD program. As a result of these efforts, ICANN updated the new gTLD Registry Agreements to address government concerns.

Finally, over the last year NTIA Assistant Secretary Strickling personally participated in ICANN's Accountability and Transparency Review Team (ATRT) with a broad array of international stakeholders from industry, civil society, the Internet

technical community, and other governments. This team serves as a key accountability tool for ICANN by evaluating progress and recommending improvements to ICANN's accountability, transparency, and technical competence. ICANN is currently implementing the 12 recommendations the ATRT made last December.

Question. In what ways has NTIA altered its activities in dealing with ICANN via the Governmental Advisory Committee to be a stronger advocate for U.S. business?

Answer. As described above, NTIA has constantly been a strong advocate for U.S. interests serving as the United States GAC representative. Specific activities over the past year are detailed in the response to the previous questions. NTIA has strengthened its outreach to U.S. businesses as new gTLDs are vetted and introduced to ensure a more complete understanding of business issues and stronger advocacy for U.S. businesses.

INTERNET POLICY CENTER

Question. Can you explain how the Internet Policy Center (IPC) differs from the current activities NTIA performs for the Federal Government?

Answer. The open Internet is a key driver for U.S. innovation and economic growth. It is therefore imperative that U.S. Internet policy remain forward-looking in its ability to balance innovation, resilience, privacy, rights protection, and security. Much is at stake: billions in trade, innovation, privacy, free expression, child protection, and the integrity of the Internet. NTIA currently undertakes significant coordination activities among Federal agencies as well as other Internet stakeholders in order to develop Administration policy; however, NTIA's capacity has not scaled to match the current pace and complexity of policy issues that have the potential to impact the Internet and its ability to function as a platform for economic growth and the future digital economy. The Internet Policy Center (IPC) will provide NTIA with the resources to build capacity to face the challenges of today's digital policy environment and to convert ad-hoc functions into institutionalized mission areas. Among the functions of the IPC will be policy analysis, policy development, global outreach, interagency coordination, and stakeholder engagement.

NTIA is unique among Federal agencies in that part of its mission is to support, enhance, and protect the Internet as an engine of economic growth, innovation, and job creation. In that capacity, the IPC will focus on the Internet as a client. The IPC will provide the organizational capacity, structure, and means to protect U.S. Internet policy principles and equities across a range of fast-moving issue areas including privacy, cybersecurity, the free flow of information, Internet governance, network evolution, intellectual property, broadband and infrastructure development, and law enforcement. Through the IPC, the Administration will be better positioned to present a unified focus on Internet policy and provide the capacity and leadership to address a multitude of Internet policy concerns domestically and internationally in a more proactive, proficient manner than is currently possible.

Question. Do any of the activities planned for the IPC currently reside in different locations within the Federal Government and if so, how will they transition to NTIA?

Answer. The IPC would not displace or replace any activities or authorities of other Federal agencies, but would serve to complement and coordinate these activities more effectively to ensure a unified and strategic Administration voice. The need for focused policy attention to protect and promote innovation, stability, and economic growth on the Internet is critical. Without it, there is a much greater risk that U.S. policy will perhaps unintentionally harm the ability of companies to innovate and thrive and citizens to take full advantage of the Internet and other communication and information services. In a broad array of policy areas including cybersecurity, intellectual property, trade policy, and others, well-staffed agencies of the U.S. Government pursue their discrete policy objectives, but those agencies are sometimes not well equipped to evaluate the full impact of their initiatives on Internet innovation, the digital economy, fundamental rights, and on the global, multi-stakeholder approach to Internet governance and policymaking. The IPC will advocate strongly within interagency discussions for the Internet as a platform to be protected and promoted.

Question. Do any of these activities require a change in statute or authorization legislation in order to become a part of the IPC?

Answer. No.

PROFIT FOR CONSTRUCTED VALUE

Question. The Department has traditionally used a high profit benchmark to measure the fair value of merchandise in dumping cases. This better reflects the

true value of merchandise in question. However, in the case of South Korean merchandise, a low measure of profit, based in large part on non-Oil Country Tubular Goods (OCTG) pipe sales was used. In addition, the measure was based largely in the depressed construction market instead of the more profitable energy sector, or an average of the two.

Why did the Department alter its traditional measure in reaching a conclusion in this case?

Answer. With respect to this very technical issue, the Department carefully applied the statute and its regulations to the record evidence presented at the time of the preliminary determination. In this case, because neither Korean exporter had what the Department's regulations refer to as a viable home- or third-country market in OCTG, the Department was unable to use the preferred methodology for calculating profit, i.e., these companies' own experience in the OCTG sector. U.S. law sets forth three alternative approaches to calculating profit in such cases, and the Department selected what it believes to be the most reasonable alternative based on the available record evidence. The Department continues to analyze this issue and will consider all evidence and arguments in issuing its final determination.

Question. What was the Department's basis for choosing the construction market as opposed to the energy sector or an average of the two sectors?

Answer. As noted above, because the facts in this investigation did not allow the application of the Department's preferred methodology, all alternative options available under the statute were considered. Since the Department does not have useable profit data for these companies' OCTG sales, one alternative specified in the statute is to use the profit figures for "the same general category of products." In this case, that would entail a broad range of tubular products, including those sold to the construction segment. If that is not appropriate, the statute also provides for the Department to use "any reasonable method" to value profit. The Department continues to evaluate the suitability of these profit figures for the final determination.

OIL COUNTRY TUBULAR GOODS

Question. Secretary Pritzker, the International Trade Commission (ITC) recently made a preliminary determination that the American steel industry was materially injured by certain Oil Country Tubular Goods (OCTG) imports from South Korea.

What actions are being undertaken by the Department to assist in reaching a final determination on this matter?

Answer. The Department's Enforcement and Compliance Unit, which has as its primary mission the conduct of antidumping and countervailing duty cases, is focused on this matter. Our analysts recently traveled to South Korea to verify the information that the respondents in this case placed on the record of the proceeding. Please be assured that the Department will carefully analyze all the record evidence, and consider the legal arguments of the parties, before issuing a final determination in this matter, which will be announced no later than July 11, 2014.

Question. What resources are being utilized to support the final investigatory phase?

Answer. Our Enforcement and Compliance Unit's accountants, analysts, and lawyers are diligently scrutinizing the information on the record and considering the legal arguments from all parties. Further, in accordance with U.S. law, analysts and accountants in our Enforcement and Compliance Unit recently traveled to South Korea to verify the accuracy of the factual information submitted by the Korean exporters.

AFFILIATIONS

Question. The issue of *affiliations* is critical in this dumping investigation. The Department acknowledged concerns with a number of affiliations and uncertainty in whether the correct sales and cost databases were used for its preliminary determination.

Can you assure the Committee these issues will be completely and fully investigated prior to a final determination?

Answer. Yes. All information submitted by the two Korean exporters in this matter has been subject to rigorous verification by the Department analysts and accountants to ensure they have reliable sales and cost-of-production data. The Department's findings will be included in reports it will place on the record, and parties will have an opportunity to comment upon those findings prior to the issuance of the final determination.

SOUTH KOREAN MANUFACTURERS

Question. Additional concerns have been raised suggesting South Korean manufacturers are misrepresenting facts in this case on a variety of issues. This includes information regarding grades and costs of hot rolled coil used, sales made from inventory, the presence of affiliated warehouses, warehousing costs, as well as overhead.

Madame Secretary, I understand that while preliminary investigations rely heavily on the responses of the parties involved, the final phase allows for the Department to deploy much greater resources to determine whether concerns raised in the preliminary phase could significantly change the findings.

Can you assure me that the Department will dedicate sufficient resources needed to ensure a fair and equitable resolution to this case?

Answer. Yes. The Department conducts all trade remedy proceedings in a thorough manner, in accordance with its statute, regulations, and international obligations. The Department is fully committed to vigorously enforcing its trade remedy laws so that American industries and workers have the opportunity to compete on a level playing field with their foreign competitors.

Question. Further, can you assure me that concerns raised during the preliminary phase will be properly considered?

Answer. Yes. The Department's Enforcement and Compliance Unit will diligently scrutinize all information on the record and consider the legal arguments from all parties before issuing its final determination.

 QUESTIONS SUBMITTED BY SENATOR SUSAN M. COLLINS

FISHERIES

Question. First, I would like to thank the Department and NOAA for the support it has provided to the Penobscot River Restoration project (over \$20 million). It is my understanding that this project has raised more private dollars than any other river restoration project in the country. Through the work of the State, the Penobscot Trust, and NOAA, and other Federal agencies, we are on the cusp of completing what could be one of the largest and most successful fisheries restoration efforts in history.

Across the Gulf of Maine, the restoration of sea-run migratory fish species is essential to rebuilding a thriving ocean fishery and healthy river communities. NOAA's investments in projects like the Penobscot River Restoration are essential to that goal.

Completing restoration projects such as this is possible when NOAA ensures that funds allocated within the Fisheries Habitat Restoration and Species Recovery lines go to projects on the ground (and in water!).

The Penobscot River Restoration Agreement has three main components: the removal of the Great Works Dam, the removal of the Veazie Dam, and the construction of a bypass of the Howland Dam. The first two components are complete; the third is pending. It is important to me and to my constituents that NOAA remain committed to seeing through the full implementation of the Penobscot River Agreement. If NOAA is not able to commit to the agreement, which includes the building of a fish bypass, then the work that was celebrated at the removal of the Great Works and Veazie dams will be incomplete, and the fisheries benefits will not be maximized.

Will you ensure that NOAA will work with the State of Maine, the communities along the Penobscot River, including the Town of Howland, and the Penobscot Trust to ensure that the Agreement is fully implemented by fiscal year 2015?

Answer. The Department recognizes the importance of the Penobscot River Watershed Restoration project, which will ultimately improve access to nearly 1,000 miles of river habitat to eleven species of sea-run fish and create new community and economic benefits throughout the watershed. NOAA remains committed to seeing through the full implementation of this important restoration initiative. NOAA is currently working with the State of Maine, Town of Holland, the Penobscot Trust, the Penobscot Indian Nation and our Federal, local and non-profit partners to develop final plans for the Howland Dam restoration project, and anticipates moving towards implementation soon.

INTERNATIONAL TRADE ADMINISTRATION—U.S./CANADA

Question. The 2006 U.S.-Canada Softwood Lumber Agreement was set to expire in 2013, but was extended to October 12, 2015. Some of my constituents have ex-

pressed concern about another extension of this agreement. They would much prefer to see an updated long-term agreement executed.

The world timber and lumber markets have evolved since 2006. As you are well aware, the U.S. housing market collapse has taken a toll on workers in the timber industry. The Maine Forest Products Council estimates that we have lost more than 4,000 forestry jobs in my State from 2007 to 2011, for a number of reasons. As the housing industry recovers, and domestic demand for wood products starts to rise, we must ensure an unbalanced playing field between U.S. and Canadian producers does not cause more jobs to be lost. That is why we need to secure an updated long-term Softwood Lumber Agreement.

Will you commit to develop an agreement between the United States and Canada, with the active involvement of the Maine and U.S. forestry stakeholders, with an aim to bring about a new, long-term durable U.S.-Canada trade agreement on softwood lumber?

Answer. The 2006 Softwood Lumber Agreement (SLA) is the most successful of several agreements reached over the past three decades to address U.S. concerns about Canadian softwood lumber imports. The recent extension until mid-October 2015 was made with the support of domestic lumber producers, and the SLA continues to provide predictability and stability in this very important sector in the U.S. economy.

Over the years, Commerce has worked closely with several other agencies on the negotiation and administration of the SLA. The Office of the United States Trade Representative (USTR) leads an interagency team of experts from Commerce, State, Justice, and Customs and Border Protection (CBP) that devote significant time and resources to the enforcement and implementation of this agreement. Because Commerce's members of this team are very knowledgeable about provincial forest practices and subsidy programs that benefit Canadian lumber producers, their technical expertise is relied upon heavily as part of the interagency team in dealing with our Canadian counterparts, consulting stakeholders, and defending U.S. interests in arbitrations under the Agreement. We will continue to provide our support as USTR consults with Members of Congress and seeks input from all interested stakeholders for the evaluation of what is in the best interest of the United States.

In the meantime, I assure you that Commerce will continue to press for and work to ensure the full enforcement and implementation of the current agreement.

QUESTIONS SUBMITTED BY SENATOR LISA MURKOWSKI

MANUFACTURING INITIATIVE

Question. The budget provides \$141 million, a \$13 million increase over the fiscal year 2014 enacted level, for the Hollings Manufacturing Extension Partnership (MEP), with an increased focus on expanding technology and supply chain capabilities to support technology adoption by smaller manufacturers to improve their competitiveness.

The budget also provides \$15 million for the Advanced Manufacturing Technology Consortia (AMTech), a public-private partnership that will support industry-led consortia developing technologies to address major manufacturing challenges faced by American businesses. The Administration has also launched four manufacturing institutes to date and is planning to launch at least four additional manufacturing institutes in 2014 utilizing existing Federal funding.

Your overall manufacturing initiative will create winners and losers across the country. Twelve communities will be selected this year and they will have the full force of the administration behind them. You will use existing authority to fund the program activities. Alaska will not fare well. This is on the back of significant cuts over the last few years in the EDA budget.

When small communities are doing good work and developing innovative ideas to move their economy forward, grant and low interest loan programs should support such initiative. So for Kotzebue, Alaska looking to lower the cost of food to outlying villages or Wrangell, Alaska completing a remarkable marine park for fishing and other boat fleets, I am at a loss for where to send them when looking to complete a financial package.

Secretary, outside of these 12 communities this year, how will you provide support to rural, isolated communities doing good work and striving to create integrated economic development plans on a small scale?

Answer. The Department of Commerce has not wavered in its commitment to rural America. In fiscal year 2013, as part of the Investing in Manufacturing Communities Partnership (IMCP) effort, EDA provided \$1.8M (of approximately \$4 mil-

lion total) in assistance to 12 rural communities (of 26 total communities) to develop implementation strategies, which will initiate public-private partnerships tailored to local expertise and assets, identifying targeted industries and specific public investments that will enhance the attractiveness of regions to private investment.

EDA also provides ongoing planning support to rural communities as part of its Partnership Planning program. These grants facilitate the development and implementation of Comprehensive Economic Development Strategies (CEDS), which articulate and prioritize the strategic economic goals of recipients' respective regions. Partnership Planning grants are made to the designated planning organization (e.g., District Organization) serving EDA-designated Economic Development Districts (EDDs)—of which there are currently 383 across the country—to enable these organizations to develop and implement relevant CEDS. Almost all of these Districts include, and most are primarily comprised of, rural areas. In addition, EDA provides Partnership Planning grants to Indian Tribes to help develop and implement CEDS and associated economic development activities. The Planning program also helps support planning organizations, including District Organizations, Indian Tribes, and other eligible recipients, with focused short-term planning grants designed to guide the eventual creation and retention of higher-skill, higher-wage jobs, particularly for the unemployed and underemployed in the Nation's most economically distressed regions including many rural areas (EDA's Local Technical Assistance program supports these efforts as well).

In addition, EDA-funded University Centers (approximately 60 across the country) provide business solutions and technical assistance to public- and private-sector organizations, and conduct other activities with the goal of enhancing regional economic development. University Center business solutions include basic and applied research, market research, feasibility studies, product development, strategic and financial planning, seminars and training, and management consultations. The University Centers are particularly attractive to rural communities and regions that often lack the capacity and resources to collect and analyze information and data on the economic conditions of their respective areas.

EDA construction investments in rural America since fiscal year 2009 are expected to save or create 37,000 jobs. EDA, in conjunction with other Federal agencies, devoted \$9 million in total Federal funds for the Rural Jobs and Innovation Accelerator Initiative which invested in 13 best-in-class economic development projects in rural regions. Making sure more rural businesses of all types and sizes can compete in the global economy is an important step toward integrating trade into the DNA of our economy and creating opportunity for all Americans.

Ensuring that more rural companies can capitalize on international opportunities to grow their business is key to advancing economic growth in rural areas and a strong rural economy is essential to our Nation's overall economic health. Through the International Trade Administration, we are working with the White House Rural Council, U.S. Department of Agriculture (USDA), other agencies, and partners to:

- Host five regional forums to provide rural leaders and businesses with local connections and information about resources to help expand exports. (The Council will announce forum locations in the coming weeks.)
- Provide enhanced export counseling for rural businesses from trade specialists in over 100 domestic locations, using the convening power of USDA field staff.
- Train USDA Rural Development staff in all 50 States plus territories to expand the network of business counselors able to identify export-ready rural businesses and connect them with assistance.
- Coordinate across the Administration to promote rural-produced goods and services at trade events.
- Build understanding among local leaders across the country on the economic importance of exports in partnership with the National Association of Counties (NACo).
- Use BusinessUSA to better connect rural businesses with government-wide export resources.

DENALI COMMISSION

Question. Secretary Pritzker, in 2013 I asked the Government Accountability Office to take a top to bottom look at the Denali Commission. This work is expected to conclude in the early summer months. It wasn't that I think the Denali Commission is a waste of taxpayers funds or that it lacks a mission. The Denali Commission's mission is to upgrade the third world living conditions that threaten the health and welfare of our Native people in rural Alaska. I abhor the notion that people who are desperately in need of aid the newborn and the Elder so often have

to pay the price for bureaucratic infighting. Too often programs are not improved as a result of scrutiny. They are simply canned. The reason that I asked GAO to look at the work of the Denali Commission was that the ongoing wars involving the Commissioners, the Federal Co-Chair and the Inspector General fundamentally distracted the Denali Commission from its mission and I'm looking for strong reforms.

My question goes to supervision of the Denali Commission. I think the adult supervision of the Commerce Department is very much in need. It's not at all evident that the work of the Federal Co-Chair has been evaluated, even though that person reports to you. You recently reappointed the Federal Co-Chair. I have to tell you that I no longer have confidence in that individual and made that known to your staff and the White House prior to the reappointment. Assistance from the Commerce Department's Office of the General Counsel is lacking. And I would submit that the Denali Commission would benefit from the depth and breadth of the Commerce Department's Inspector General as an improvement over the recently departed "one man band" Inspector General who spent most, if not all, of his working time (if one can call it that) in Arizona rather than Alaska. I am looking for your reaction to these ideas.

I would like to play a role and an active one in the reform of the Denali Commission. And I would like a partner in the Commerce Department that I can work with.

Would you designate someone who will work with me to see this project through?

Answer. The Department and the Administration are fully committed to improving the livelihood of Alaskans by encouraging long-term public and private investments in key sectors, establishing a business environment that will help to create high-quality jobs and promoting long-term economic development in economically distressed areas of the State. For example, the Economic Development Administration (EDA) has invested over \$3 million with the Alaska Works Partnership to help develop the Pipeline Training Center, which is training the next generation of pipeline workers in Alaska. EDA has also invested \$1.9 million to expand the Cold Climate Housing Research Center <<http://www.cchrc.org/>>, which is making strides in finding more efficient and environmentally friendly means to deal with Alaska's harsh winters.

EDA maintains the delegated responsibility for reviewing the Denali Commission's Annual Work Plan, and in conjunction with the Department have provided invaluable programmatic guidance and support to the Commission. In certain discrete areas the Department has a statutory relationship with the Commission, however, the Department generally defers to the Commission as an independent entity in its day-to-day decisionmaking, operations and policy-making; including its choice of selecting an Inspector General. It remains important for the Department to maintain that clear, distinct separation.

Specifically addressing the Inspector General issue, the Department is pleased to inform you that the Denali Commission has entered into a memorandum of understanding (MOU) with the Department of Commerce's Office of Inspector General (OIG). Pursuant to this agreement, the OIG will provide comprehensive, independent audit and oversight services to the Commission on a reimbursable basis and will effectively serve as the interim Inspector General for the Denali Commission pending a permanent selection by the Commission.

EDA is available as an advisory resource to the Commission and communicates with the Commission's Federal Co-Chair and Counsel on a regular basis.

ELECTRONIC MONITORING

Question. NOAA acknowledges in its fiscal year 2015 budget request: "The goal is to deliver cost-effective and sustainable electronic data collection solutions that enhance monitoring of catch and by catch in all U.S. fisheries." In general, I am seeing that NOAA supports these goals at the Headquarters level, but efforts to make progress on the water in Alaska are hampered at the Regional level. The problem appears to be Science Center staff who seem more dedicated to designing long term research programs than making progress toward practical solutions. I am concerned that Science Center staff in the Alaska region are not working effectively with fishermen to move forward with the cooperative research program required in the fiscal year 2014 Omnibus Appropriations bill.

The goal here is to validate the functionality of cameras, facilitate the collection of data, and improve the logistics of deploying electronic monitoring equipment on small fishing boats in Alaska. When I met with you last year you expressed an understanding of the importance of this issue in Alaska, and the potential for it to benefit fisheries around the Nation.

Secretary Pritzker, can you commit to working with me to ensure that NOAA is dedicating the resources necessary to make progress toward the deployment of viable electronic monitoring technologies on these boats in 2014?

Answer. Yes, NOAA Fisheries is committed to advancing the capability to use electronic monitoring (EM) technology in Alaska fisheries in situations where EM can provide the data needed to manage and conserve these fisheries. We have used EM (video) to monitor compliance with retention and fish handling requirements on catcher/processors for many years. We have participated in and funded several past EM research projects. We are committing funding toward EM research in fiscal year 2014 and plan to continue to do so in the future. We are actively working with industry representatives and the Pacific States Marine Fisheries Commission (Pacific States) to develop and implement a cooperative EM research plan to test and compare different EM technologies with observers, to work out logistical issues, and to estimate implementation costs.

We are conducting this cooperative research on four tracks. These are:

- Track 1.*—deployment of 5 to 10 current EM units from Saltwater, Inc., and Archipelago Marine Research Ltd. to evaluate the respective system performance, logistics and costs of deployment;
- Track 2.*—deployment of 3 to 5 current EM units with observers to allow analytic comparisons of data quality and data quality trade-offs;
- Track 3.*—deployment of 5 to 10 new stereo camera systems with observers to allow similar analysis as in #2; and
- Track 4.*—testing of current electronic logbooks in the fleet and further refinement to integrate them with vessel sensor data.

Working in collaboration with industry and Pacific States, we are developing study plans for each track of research and deploying EM onto boats in 2014. The fishing industry and Pacific States are taking the lead on Track 1, and NOAA Fisheries, Pacific States, and industry are taking the lead on Tracks 2 through 4. Work on Track 1 is already underway with cameras deployed on several boats in the fishery. Tracks 2 and 3 will be underway by early summer and it will include components of Track 4. We look forward to evaluating the results of this work.

This collaboration between NOAA Fisheries and industry has been ad hoc to date; however, in April 2014 the North Pacific Fishery Management Council (Council) took action to appoint membership to an EM sub-committee dedicated to EM testing and development. This committee will bring in additional industry representation ensuring balanced participation across the industry. The Council's EM committee is scheduled to meet on May 15 and 16 in Anchorage to review progress on cooperative research and mapping the processes forward toward integration of EM as a tool in Alaskan fisheries management. Several of the Council appointed committee members were already participating in our ad hoc collaboration.

NOAA Fisheries has recently sent a letter to the participants in the small boat hook and line fleet soliciting their interest in participating in cooperative research with us on EM, and we noted that selected volunteers will be provided a release from observer coverage for the duration of the research. This provides an incentive for participation. Several industry members have already installed EM equipment and requested retroactive releases from coverage. We have not granted these releases because we need a coordinated effort and a process that ensures that all in industry are afforded the opportunity to participate. We asked for responses from industry for EM participation by May 30 and received 17 requests to participate in cooperative research. For any of these vessels that are selected to participate in the research, NOAA expects to implement EM releases based on criteria we develop with our newly formed EM committee.

NOAA Fisheries is now in the second year of implementing the restructured Alaskan observer program, which expanded observer coverage to the Pacific halibut fishery, and to vessels between 40 and 60 feet in length in the groundfish and halibut fisheries. In implementing the program, we provided a mechanism to release vessels from coverage in cases where there was insufficient life raft or bunk capacity. This avoids displacing fishermen in order to accommodate an observer. The Council supported this initial approach to the newly observed fleet, and NOAA Fisheries has implemented a consistent release process, with verification of industry requests via follow up phone calls and site visits. The addition of EM will expand that release process in the near term in order to enable EM testing to inform subsequent Council decisionmaking on the use of this technology in catch estimation.

We also are working on cooperative research with a group of trawl catcher/processors ("the Amendment 80 sector") to solve a specific halibut bycatch problem. This research will examine the use of video to allow halibut to be sorted and counted on the deck of the vessel in order to maximize survival of the fish during handling, and

to allow accurate accounting of the bycatch before it is returned to the sea. This industry sector is highly motivated to test and adopt the technology we have developed as it has potential to solve a significant bycatch issue. This research is currently underway.

MARINE DEBRIS

Question. The 2011 devastating earthquake and tsunami that struck Japan resulted in a large amount of marine debris which in 2012 began to reach Alaska, California, Hawaii, Oregon, and Washington. In 2013, Alaska experienced significant debris impacts in multiple coastal areas, and the volume of Japan-origin debris is predicted to increase in 2014. The Commerce Department's fiscal year 2015 Budget Request is for \$6,000,000, the same as enacted for fiscal year 2014. The fiscal year 2014 funding represented a \$1 million increase over fiscal year 2013, and this increase is expected to be used for Japan-origin debris activities. I am, however, concerned that this level of funding is insufficient to address the volume of debris still hitting Alaskan shores, as well as the other Pacific States. I am further concerned that your agency does not fully appreciate the magnitude of this problem, including the fact that much of the Alaskan coast is Federal lands which means clean-up of this marine debris is a Federal responsibility.

Secretary Pritzker, are you willing to work with me to ensure that funds in NOAA's Marine Debris Program are allocated on a priority basis for grants to support clean-up marine debris clean-up and disposal activities in the five affected Pacific States, with priority given to clean-up activities on Federal land?

Answer. I am always happy to work with you, Senator Murkowski. As you are aware, the Government of Japan provided \$5 million to NOAA's Marine Debris Program to support marine debris response efforts, such as removal of debris, disposal fees, cleanup supplies, detection and monitoring. Of this amount, we provided an initial sum of \$250,000 to each of the affected States (Alaska, Washington, Oregon, California and Hawaii) and the State of Alaska has requested and received an additional \$750,000. The funding was also used to remove a large dock in Olympic National Park. NOAA is holding the balance of roughly \$2.5 million in reserve to distribute as new needs arise. NOAA's agreement process for these funds requires NOAA to approve the States' proposed work plans for any funding, as well as perform necessary environmental compliance reviews.

HYDROGRAPHIC CHARTING

Question. Modern, accurate geospatial information is critical to navigation, public safety, infrastructure planning, and resource management. This is particularly important in Northwest Alaska where increased maritime traffic in the Bering Straits region and in the Arctic underscore the need for current hydrographic information. In some areas the state-of-the-art mapping information is the result of lead-line survey work conducted before the United States purchased Alaska from Russia. There is an urgent need for updated charts, yet NOAA has indicated that it has an 85 year backlog for hydrographic surveys in Alaska.

Secretary Pritzker, your agency plays a critical role in supporting hydrographic charting, including in the Arctic and Bering Straits Region. Can you commit to dedicating the necessary resources to conduct hydrographic surveys and prepare navigational charts adequate to address the increasing maritime traffic in these regions?

Answer. NOAA must balance the requirements of a particular area with requirements of all other areas within available resources. NOAA has developed 5-year hydrographic survey plan to identify about 40,000 square nautical miles of critical area and address the most critical survey needs in Alaska. In recent years NOAA has surveyed approximately 500 square nautical miles annually in Arctic waters. NOAA is also planning to build 12 new charts for the Arctic over the next 10–15 years.

NOAA plans to resume full Arctic operations in 2015 under the President's budget request.

NATIONAL DATA BUOY SYSTEM

Question. I am strongly concerned with problems associated with NOAA's maintenance of data buoys off the coast of Alaska. These data buoys provide important information to mariners, including commercial and recreational fishermen. The long-standing outages are resulting in critical gaps in weather and sea condition information and contributing to less safe operations at sea.

Secretary Pritzker, will you please provide documentation on how NOAA intends to address the maintenance backlog for the National Data Buoy System, including specific information on current outages in Alaska? I would appreciate information

on NOAA's plan to schedule and effect repairs to restore existing data buoy operability, as well as the strategy to minimize outages in the future.

Answer. The Department of Commerce and the National Oceanic and Atmospheric Administration (NOAA) share your concern with long outages for data buoys off the coast of Alaska and around the rest of the United States.

NOAA is conducting maintenance, with ship support from the U.S. Coast Guard, for much of the National Data Buoy System from now through the end of September 2014. Plans are in place to restore nearly half of the current 27 buoy outages, including 4 of the 9 Alaska buoy outages that had been backlogged since 2013. Maintenance for the buoys in the Bering Sea and Western Aleutians is scheduled for July 2014 to restore long outages in that region. Schedules for maintenance for most of the remaining outages are being developed between the National Data Buoy Center and the NOAA-leveraged U.S. Coast Guard ship resources.

NOAA will continue aggressive maintenance of the National Data Buoy System to improve buoy operability to 73 percent by the end of fiscal year 2014.

SEAFOOD CERTIFICATION

Question. I am concerned that third party vendors are requiring adherence to criteria and labeling of seafood that has not been thoroughly vetted and approved through a public process. One of the more troubling aspects of this process is the failure of executive branch agencies to consult with NOAA on the issue of whether U.S. fisheries are being managed sustainably. Specifically, I am referring to Seafood Sustainability Guidelines developed by the Department of Health and Human Services, General Services Administration, and National Park Service that were applied to all Federal agency vendor and concession operations. These Guidelines were developed and implemented without any consultation no meetings, not even a call with anyone at NOAA to ask for their expertise on this issue.

Secretary Pritzker, can you please articulate the policies and procedures have been put in place at NOAA to ensure that this will not happen again?

Answer. Since the National Park Service published its vendor guidelines in June 2013 and we were made aware of the General Services Administration/Health and Human Service's guidelines published in 2011, NOAA Fisheries has worked directly with the entities involved (National Park Service, General Services Administration, the Department of Health and Human Services, the Food and Drug Administration, and the Centers for Disease Control) to introduce their program staffs to NOAA Fisheries, its stewardship mission, the reputation of U.S. fisheries as a global model of success in sustainable fisheries, and to offer our expertise to guide them in any further discussions regarding sustainable fisheries and seafood. Based on these interactions, the General Services Administration revised and republished its guidelines in September 2013 (see below for relevant provision), to take into account U.S. managed fisheries as sustainable and to refer to FishWatch.gov.

"Where seafood options are offered, provide those procured from responsibly managed, sustainable, healthy fisheries.^{44*}

^{44*} The NOAA FishWatch Program defines sustainable seafood as "catching or farming seafood responsibly, with consideration for the long-term health of the environment and the livelihoods of the people that depend upon the environment." Verifying the health and sustainability of U.S. and international fisheries is not always simple. Domestic fisheries are managed by State and Federal agencies under legally established fisheries management plans. International fisheries are managed under sovereign laws and international treaties. Guidance on how to make sustainable seafood choices is found on the NOAA FishWatch site at www.fishwatch.gov/buying_seafood/choosing_sustainable.htm.

The General Services Administration's guidelines are available on the General Services Administration's Web site at: http://www.gsa.gov/portal/mediaId/170091/fileName/Guidelines_for_Federal_Concessions_and_Vending_Operations and at the Centers for Disease Control Web site at: http://www.cdc.gov/chronicdisease/pdf/guidelines_for_Federal_concessions_and_vending_operations.pdf.

With regard to longer-term procedures and policies to ensure other Federal agencies coordinate with NOAA Fisheries on matters of sustainable fisheries and seafood, the agency is coordinating with stakeholders to help keep apprised of various activities as well as proactively introducing itself to inform them of U.S. standards for sustainable fisheries and offer its science expertise. It may be helpful to note that the issues of sustainability are an ever-increasing matter of global interest in the market place and as such, the issue of sustainable seafood emerging as a topic of interest in other Federal agencies whose missions and expertise do not include sustainable fisheries is new. As NOAA Fisheries becomes aware of such activities, the agency directly engages one-on-one to formally introduce its mission and offer

its expertise to advise and guide any sustainable seafood matter under consideration by another agency. We anticipate these engagements will translate into better awareness of NOAA Fisheries as the Federal authority on such matters.

The most recent examples of these Federal engagements have been with the Department of Health and Human Services and its Federal advisory committee—Dietary Guidelines for Americans Committee. The Dietary Guidelines for Americans Committee is preparing to revise nutritional guidelines by 2017 and has decided to include the sustainability of seafood within its guidelines. NOAA Fisheries is now in formal discussions with the Department of Health and Human Services and the support staff assigned to the Dietary Guidelines for Americans Committee. In similar fashion, NOAA has recently reached out to the Department of Defense, Defense Logistics Agency, which is also exploring the matter of sustainable seafood as part of its food services mission for Defense personnel.

Question. Also, can you please explain what steps NOAA is taking through FishWatch and any other program to acknowledge the successes of sustainable fisheries management in the U.S.?

Answer. Beginning in 2010, NOAA Fisheries has enhanced its strategic communications efforts to build public familiarity and recognition of U.S. Federal fisheries as a global model of success in responsible fisheries management, and support our fishing and seafood industries. Key among the agency's communications assets for delivering this message is FishWatch. Over the last 3 years, the agency has expanded its proactive, strategic communications to the broader spectrum of the seafood supply chain, including one-on-one meetings with distributors, retailers, food service and culinary industries, and expanding participation in professional meetings, trade forums and various national and international initiatives addressing sustainable seafood in the market place (e.g. Global Sustainable Seafood Initiative, and The Sustainability Consortium). Based on these engagements and growing relationships, NOAA Fisheries has received extensive input on FishWatch and suggestions for improving FishWatch as a useful tool to industry and consumers. In response, NOAA Fisheries has drafted a next generation investment strategy for FishWatch including mobile access for the broader seafood consuming public, and potential capacity to serve as a public interface to acknowledge partnerships with the agency, possibly including U.S. fishermen and seafood harvested under a U.S. fisheries management plan, a recommendation made by NOAA Fisheries' Marine Fisheries Advisory Committee (MAFAC), a Federal Advisory Committee Act-compliant body that advises the Secretary of Commerce on all living marine resource matters that are the responsibility of the Department of Commerce.

In addition, based on increased interest from the fishing industry, in October 2012, the agency asked MAFAC to examine whether NOAA Fisheries could or even should have a role in eco-labeling of U.S. federally managed seafood. Although MAFAC did not come to any consensus, in December 2013, it submitted recommendations which are available for public review and comment through the end of May 2014. The agency anticipates comments received by the public and seafood industries will be helpful for any next steps the agency may take. A summary of these recommendations follows:

- MAFAC recommends that NOAA Fisheries improve awareness of the Magnuson-Stevens Fishery Conservation and Management Act (MSA) and other laws and regulations governing U.S. fisheries and domestic aquaculture, particularly in the domestic business-to-business environment.
- MAFAC commends the educational efforts undertaken by NOAA Fisheries thus far on FishWatch.gov and encourages more work in this direction.
- MAFAC recommends that NOAA Fisheries utilize the standards and requirements of the MSA as the reference points to create a business-to-business based approach, recognizing the sustainability of wild harvest seafood products from U.S. Exclusive Economic Zone (EEZ) fisheries in compliance with the MSA.
- MAFAC recommends adoption of traceability measures, implemented by buyers to enable subsequent purchasers to track sustainable fishery products in the marketplace.

Full MAFAC recommendations available at: http://www.nmfs.noaa.gov/op/Sustainability/Sustainable_Seafood_Certification.html.

FISHERIES FINANCE PROGRAM

Question. The President's fiscal year 2015 budget request includes proposed language to authorize \$100,000,000 for fiscal year 2015 in direct loan authority for NOAA's Fisheries Finance Program (FFP) Account as authorized by the Merchant Marine Act. FFP loans have a negative subsidy rate and no appropriated funds are required. I have supporting the proposed language which I believe will increase op-

portunities for vessel owners to build and refinance new vessels and make major modifications to existing vessels to improve fishing vessel safety. These loans will help the fleet modernize and provide significant economic benefits to shipyards and support industries.

Secretary Pritzker, will you please provide a written update on the status of new regulations to support this enhanced authority within the Fisheries Finance Program?

Answer. An Advance Notice of Proposed Rulemaking (ANPR) is currently being developed to seek industry input on the potential form of a new vessel and vessel reconstruction loan authority. The ANPR will help the Department publish regulations that facilitate fleet modernization while supporting ongoing efforts to maintain sustainable fisheries. Once industry input has been received, the Department will publish draft regulations addressing vessel replacement, project cost, risk, and other matters related to effective program management. It is anticipated that the rule-making process will be completed by December 2015.

QUESTIONS SUBMITTED BY SENATOR LINDSEY GRAHAM

TRANS-PACIFIC PARTNERSHIP (TPP)

Question. I'd like to first acknowledge the Administration's commitment to the Yarn Forward Rule of Origin for textiles and apparel in the Trans-Pacific Partnership (TPP). As you know this rule is of critical importance to the U.S. textile industry and has created invaluable supply chains globally but in the Western Hemisphere in particular. Western Hemisphere textile and apparel trade is worth \$25 billion in value and 2 million manufacturing jobs.

With that in mind, I'd like to ask you about the Trans-Pacific Partnership and the status of the Market Access negotiations for the most sensitive textile products manufactured here in the U.S. What assurances can you give the committee that the Government is seeking the longest market access phase outs as possible in the TPP?

Answer. The U.S. textile negotiating team has worked in close consultation with U.S. industry and other stakeholders to develop a responsible approach to tariff elimination that ensures our textile industry will not be competitively disadvantaged. The Department of Commerce's Deputy Assistant Secretary for Textiles, Consumer Goods, and Materials has been intimately involved in each round of these negotiations, working with the Assistant U.S. Trade Representative for Textiles to ensure that the concerns of our domestic industry stakeholders are addressed. In the market access talks, the Department has proposed a new, unique concept that provides the longest tariff phase-outs on the most sensitive textile and apparel products.

Question. And how are negotiators counterbalancing this position in light of Vietnam's insistence on immediate access?

Answer. The initial duty reduction provides an incentive for importers and retailers to source goods in TPP countries to take advantage of the agreement while the long phase-outs for full duty-free benefits on sensitive products provide domestic stakeholders and existing free trade agreement (FTA) and trade preference partners time to adjust. In addition, there are additional market access schedules for less sensitive textiles and apparel that provide immediate duty-free treatment.

STEEL

Question. The United States is currently facing a steel import crisis, with dumped and subsidized steel imports from a number of countries and across various product lines flooding our market. These imports are causing injury to our steel industry and its workers.

In response, the domestic industry has brought new trade cases in the past year against unfairly traded imports of rebar and oil country tubular goods ("OCTG"). Both of these industries desperately need relief. Despite the initiation of these cases, I understand that imports continue to flood the market, causing additional injury to the domestic industry. For example, U.S. imports of rebar from Turkey have continued to rise this year, with the U.S. market becoming the single largest destination for Turkish rebar.

Despite rising imports and the desperate need for relief, the Department has made preliminary determinations in both cases that cause concern from the domestic industry.

Can you assure the subcommittee that the Commerce Department will vigorously apply and enforce the U.S. trade remedy laws, including with respect to the above-noted cases?

Answer. The Department is fully committed to enforcing our trade remedy laws so that American industries and workers have the opportunity to compete on a level playing field with their foreign competitors. The enforcement of the antidumping duty (AD) and countervailing duty (CVD) trade remedy laws is one of the Department's top priorities. The Department has received numerous steel-related petitions in the past months and it is currently conducting 39 investigations involving steel products from a number of countries. This represents roughly 75 percent of the Department's ongoing investigations, and it has devoted significant resources to these cases to ensure that unfair trade practices are identified and remedied at the border. With respect to the ongoing cases on steel products, including those on oil country tubular goods and rebar, the Department's Enforcement and Compliance Unit, whose primary mission is conducting these trade cases, is focused on these matters and is diligently scrutinizing the information on the record of these proceedings in order to identify the extent of any unfair dumping or subsidization.

Question. What is the Department doing, and what additional resources does the Department need, to address this import crisis on a comprehensive and systematic basis?

Answer. The Department is currently conducting 39 steel-related AD and CVD investigations covering such products as grain-oriented electrical steel from China, the Czech Republic, Germany, Japan, South Korea, Poland, and Russia; non-oriented electrical steel from China, Germany, Japan, South Korea, Sweden, and Taiwan, and oil country tubular goods from India, South Korea, the Philippines, Saudi Arabia, Taiwan, Thailand, Turkey, Ukraine, and Vietnam. Numerous analysts, accountants, and legal advisors are assigned to these cases to identify the extent of any dumping or unfair subsidization that may be occurring. The Department of Commerce team is also working closely with colleagues at Customs and Border Protection in an effort to ensure that the Department's antidumping and countervailing duty orders are implemented properly and that importers are paying all amounts owed.

In addition to its AD and CVD measures, the Department works closely with the Office of the United States Trade Representative in bilateral, trilateral and multi-lateral forums, such as the Organization for Economic Cooperation and Development (OECD) Steel Committee, to raise concerns with our trading partners about government-funded steel capacity and other government policies that cause distortions in the steel market both globally and domestically.

With respect to resources, the Department supports the request of the President as reflected in his budget proposal. The vigorous enforcement of U.S. trade remedy laws is a top priority and the Department will continue to conduct all antidumping and countervailing duty investigations in a thorough and transparent manner, in accordance with U.S. law and our international obligations.

QUESTIONS SUBMITTED BY SENATOR JOHN BOOZMAN

INTERNATIONAL TRADE ADMINISTRATION

Question. Over the past decade, 7 of the 10 fastest growing economies in the world have been in sub-Saharan Africa. Demographic trends suggest that by 2050 one in four workers in the world will be African, and the continent's population will top one billion. I believe that it is time for the United States to open new avenues to help American companies go head to head with their competitors in Africa. Over the last 10 years, trade with Africa from China, India, and Brazil has increased eight-fold. Over the same period, U.S. trade with Africa has increased by a multiple of only three. That is why I have joined with Senators Durbin to introduce legislation to create American jobs by increasing exports of U.S. goods and services to Africa by at least 200 percent in real dollar value over the next 10 years. The eagerness and willingness to be good trade partners on the part of African nations is there. They want our goods and services because Africans know they are high quality. The desire for American products, and along with our ideals, is strong. The only thing missing is a cohesive strategy on our end. Two years ago President Obama rolled out his strategy towards sub-Saharan Africa and a large part of his strategy was to encourage U.S. businesses to trade with and invest in Africa.

Can you discuss how the Department is implementing this pillar of the strategy?

Answer. The Administration agrees that there is a need for a cohesive and comprehensive approach that the U.S. Government should be taking towards developing

and increasing our commercial relationship in Africa. As noted, 2 years ago President Obama rolled out the Doing Business in Africa campaign (DBIA) to encourage U.S. companies to trade with and do business in Africa and to take advantage of the tremendous opportunities the region has to offer. The Department of Commerce has coordinated the efforts of U.S. Government agencies to work through one common DBIA strategic plan to:

- increase trade promotion focused on the region;
- expand trade financing and risk management programs available to American companies; and
- increase targeted communication activities to engage key stakeholders and promote Africa as a strategic trade and investment market.

Consistent with this strategic plan, the Commerce Department wants to ensure that American businesses, especially small businesses, are equipped with the tools they need to do business in Africa and thereby create jobs at home. Several key activities that Commerce is doing this year to support the DBIA strategy and U.S. companies include:

- Leading trade mission:* The Department led 20 American companies on an Energy Business Development trade mission to West Africa, which visited Ghana and Nigeria from May 18–23 of this year. This mission promoted U.S. exports and expanded U.S. companies' presence in Africa by helping American firms launch or increase their business in the energy sector.
- Doubling staffing presence in sub-Saharan Africa:* The Department will hire an additional 6 new Foreign Service Officers, 19 locally engaged staff, and 2 headquarters positions that directly work in or on sub-Saharan Africa issues. This expansion will add additional staff to existing operations in Kenya and Ghana and will open four new posts among Africa's fastest growing economies—Angola, Mozambique, Ethiopia and Tanzania. These four markets offer considerable opportunities to American companies in sectors where we have a proven successful track record.
- Hosting an Africa Business Forum:* As part of the upcoming U.S.-Africa Leaders' Summit, which will be held August 5–6, 2014, in Washington, DC, the Commerce Department will lead a Business Forum. The event will bring together hundreds of U.S. and African CEOs, as well as African leaders, to explore practical ways to increase trade and investment between our respective markets. In connection with this Forum, Commerce is also exploring ways to encourage African leaders to travel to various parts of the United States and engage with local business communities both directly before and immediately after the Summit. Whether it is through commercial activities such as trade missions, promotional outreach activities, or trade policy encouraging African nations to strengthen democratic and transparent institutions and improve their investment climate, Commerce continues to actively support the United States' increasing commercial engagement with the African continent.

QUESTIONS SUBMITTED TO HON. TODD J. ZINSER

QUESTIONS SUBMITTED BY SENATOR RICHARD C. SHELBY

POLAR SATELLITE GAP MITIGATION

Question. Mr. Zinser, your office and the GAO agree that there is still a significant risk for a gap in critical satellite data before the JPSS-1 satellite becomes fully operational. This data is essential for the protection of life and property across our country.

In your opinion, does the Department's fiscal year 2015 budget proposal do enough to address the potential gap in polar satellite data?

Answer. NOAA's options to reduce the likelihood of a gap are limited. The JPSS program determined that it could not accelerate JPSS-1's launch date without excessive risk. The fiscal year 2015 budget continues activities to protect against a JPSS-1 launch delay. However, the budget does not specify activities intended to mitigate the consequences of a polar satellite data gap (i.e., forecast degradation), but some work in this regard was initiated with funds received under the Disaster Relief Appropriations Act, 2013.

Question. Should the Department prioritize filling, or at least mitigating, the gap in polar satellite data over other satellite projects or activities that are included in the fiscal year 2015 request?

Answer. The extent to which the Department should prioritize filling or mitigating a potential gap depends, in part, on how successfully it can provide congress-

sional stakeholders with a cost and benefit rationale of performing that activity compared with performing other satellite projects or activities identified in the fiscal year 2015 budget.

PROGRAM ROBUSTNESS—JPSS

Question. In addition to the potential gap in satellite data, I have serious concerns for the robustness of the JPSS program. The NESDIS Independent Review Team emphasized the danger of being just one failure away from catastrophe—meaning if JPSS-1 fails there is no backup to take its place.

Is the Department taking sufficient steps currently, and within its fiscal year 2015 proposal, to ensure JPSS is a robust program that includes backup options in case JPSS-1 were to fail?

Answer. The Department has begun to take steps towards creating a robust JPSS program. It began planning additional missions for a longer-term JPSS program in response to the independent review team's November 2013 report. NOAA's response included initiating a number of trade studies to identify longer-term gap filler and mitigation options, as well as conducting a gap filler mission concept review at the end of March 2014. Also in March, NOAA indicated its intent to procure copies of the JPSS instrument suite for JPSS-3 and JPSS-4 missions, as well as additional spares of Advanced Technology Microwave Sounder (ATMS) and Cross-track Infrared Sounder (CrIS), potentially for a gap filler mission. The fiscal year 2015 proposal indicates that the requested increase in JPSS funds would support additional instrument procurements. While these are positive steps, NOAA needs to complete an acquisition strategy and other program plans (e.g., cost, schedule, and performance baselines) to ensure that it can meet the independent review team's criteria for a robust program.

WORKING CAPITAL FUND

Question. The Department's funding request for Working Capital Fund (WCF) continues to increase year-after-year. In its fiscal year 2015 request, the Department proposes a \$25.5 million increase over fiscal year 2014 enacted. While requests for WCF continue to rise, along with the assessments made on Commerce bureaus, transparency of billing rates and services provided has decreased. Transparency and accountability is particularly lacking in WCF services provided by the Commerce Office of General Counsel.

Mr. Zinser what is the latest status of your investigation into the operation and lack of transparency in the Department's Working Capital Fund?

Answer. We have completed our audit of the Department's WCF and, on May 15, 2014, we issued our final report, *Office of the Secretary's Working Capital Fund Billing Control Issues Resulted in Incorrect Charges*.

Question. In your opinion, does the Department take any steps to improve transparency and accountability within the operation and billing activities of the WCF?

Answer. We believe that, once the Department implements our final report recommendations, it will have taken important steps toward improving WCF transparency and accountability.

The audit found that the Office of the Secretary Financial Management directorate (OSFM) and WCF service providers did not comply with billing requirements established in the Department's fiscal year 2013 WCF handbook. The noncompliance occurred because OSFM relied on incorrect bases of charge, inaccurate supporting documentation, and/or incorrect billing information for 10 of the 34 projects reviewed. As a result, customers were either over- or undercharged for services provided in fiscal year 2013, compared with the amount that should have been billed. (Please see Appendix C attachment at the end of my responses to Senator Shelby's questions for a list of fiscal year 2013 overcharges and undercharges by WCF project that we identified in our audit.) The Office of General Counsel (OGC) is the service provider for 4 of the 10 projects that did not comply with the requirements of the WCF handbook.

To improve the Office of the Secretary's oversight of the WCF, we recommended that it:

- update processes for calculating the correct bases of charge, and obtain the most current documentation from the service providers;
- require a validation and certification process for WCF service providers to capture and retain supporting documentation that accurately reflects the level of services provided to customers; and
- make a determination on whether fiscal year 2013 charges should be reviewed and recalculated accordingly, and whether adjustments should be considered in calculating charges for fiscal year 2014.

Question. I continue to be concerned about the Department's ramp-up to the 2020 Census. This effort will cause increased budget pressures on the Department for the next several fiscal years. It is imperative that the Census Bureau carry out activities leading up to the 2020 Census efficiently and with future budget constraints in mind.

Mr. Zinser, does the Department take the necessary steps in its fiscal year 2015 proposal to ensure proper controls are in place to keep costs down and schedule on time leading up to the 2020 Census?

Answer. My office actively monitors the Census Bureau's development of the 2020 Census and makes recommendations in areas where internal control weaknesses are identified. Specifically, we have addressed (a) the Bureau's research and testing (R&T) progress, in a report issued on December 3, 2013, and (b) concerns with the Bureau's formulation of budget estimates, in a report that we will issue as final in May 2014.

Our December 2013 report *2020 Census Planning: Research Delays and Program Management Challenges Threaten Design Innovation* examined the adequacy of the R&T program's governance and internal controls to manage the design effort. This audit determined that the current schedule suffered from research delays and lacked adequate budget integration. The Census Bureau concurred with our findings and recommendations and developed the following corrective actions (see Table 1) that, if implemented, should ensure that proper controls are in place to manage costs and the 2020 Census R&T schedule:

TABLE 1. SUMMARY OF CENSUS BUREAU CORRECTIVE ACTIONS

Selected December 2013 OIG Recommendations to the R&T Program	Summary of Corresponding Census Bureau Corrective Actions
Determine when 2020 Census design decisions must be made, adhere to an activity schedule that aligns with those decision points, and develop a critical path for the 2020 Census R&T schedule.	Complete a fully integrated schedule, with established critical paths (including end of fiscal year 2015 deadline for design decisions) for meeting the goals of the 2020 Census R&T program. ^a
Define and adhere to a final testing schedule, and determine how iterative testing and the American Community Survey can be used for the operational testing phase.	Analyze the testing schedule to ensure that the American Community Survey is leveraged to the greatest extent possible.
Incorporate earned value management and budgets at the project level to prioritize projects, as well as assess and quantify 2020 Census research program results.	Develop earned value management guidelines, including a resource-based schedule at the project level. ^b

Source: OIG

^a A resource-based schedule pilot project for 2020 decennial R&T will occur in the summer of 2014.

^b The Census Bureau's full implementation of the EVM process will occur in fiscal year 2015.

Our upcoming May 2014 audit report will identify significant internal control weaknesses in the Census Bureau's budget formulation and execution process, as well as the method used to record project salary costs. Specifically, the 2020 Census R&T program—and likely other Census Bureau programs—charge salary costs to projects based on budget estimates, instead of actual hours worked on a project. In addition, the R&T program was unable to provide support for fiscal years 2013 and 2014 budget requests. Finally, the practice of transferring budget between projects circumvents spending controls, thereby increasing the risk that incorrect or even fraudulent charges could be recorded without detection.

Due to these internal control weaknesses, we were unable to assess the impact of recent budget reductions on the 2020 Census R&T program—and its goal of reducing the 2020 Census per-household cost—because the amount of resources expended cannot be used to analyze whether projects are yielding desired results and should continue to be funded.

Question. In your opinion, what activities should the Committee pay most attention to during this process to best ensure its success?

Answer. In addition to monitoring the Census Bureau's research and testing schedule early in the decade—and the implementation schedule as 2020 nears—the Committee should monitor the advantages, limitations, and risks of:

- the use of administrative records for decennial census activities;
- a targeted address canvassing operation (as opposed to canvassing every block in the United States) that ensures a quality list; and
- implementing an Internet response option.

The Census Bureau successfully incorporating these decennial design changes could save the Government billions of dollars.

Finally, conducting regularly scheduled congressional hearings provides an ideal forum for the Census Bureau to provide updates and respond to oversight concerns.

**ATTACHMENT: APPENDIX C, "DETAILED OVERCHARGES AND (UNDERCHARGES) BY WCF PROJECTS IN FISCAL YEAR 2013,"¹ OF OIG FINAL REPORT NUMBER
OIG-14-020-A, OFFICE OF THE SECRETARY'S WORKING CAPITAL FUND BILLING CONTROL ISSUES RESULTED IN INCORRECT CHARGES, ISSUED MAY 13, 2014**

Service Providers	Office of Human Resource Management			Office of Financial Management		Office of Security		Office of Administrative Service		Office of General Counsel			Total Overcharges or (Undercharges)
	Office of Policy and Programs	Human Resource Management System	Business Application Solutions	Investigation and Intelligence Programs	Electronic Travel Systems	Legislation and Regulations	Finance and Litigation	Administration					
WCF Projects													
Customers:													
OS	(390)	(1,490)	81,231	18,632	2,058	2,298	156,563	(166,712)	92,190				
ITA	877	(4,972)	1,801	227	165	1,186	(68,079)	(90,723)	(159,518)				
EDA	378	(1,325)	79	0	739	(1,441)	11,608	19,105	29,143				
NTIA	958	(2,083)	2,254	227	1,584	(11,448)	(288,937)	2,947	(294,498)				
NTIS	296	(757)	0	0	(13)	1,771	109,511	10,150	120,958				
CEN	8,819	(90,891)	40,796	227	(3,977)	3,075	326,940	249,345	534,334				
ESA	143	(3,598)	110	0	(117)	7,513	(1,631)	(2,358)	62				
NOAA	(2,542)	129,341	(35,016)	227	(6,649)	3,077	(694,208)	(147,819)	(753,589)				
NIST	(7,087)	(20,198)	(12,741)	227	4,423	(12,146)	(94,772)	140,004	(2,290)				
MBDA	(102)	(505)	224	227	523	2,806	137,334	(5,991)	134,516				
BIS	82	(2,544)	(1,687)	227	1,319	6,268	5,039	(53,109)	(44,405)				

Source: Calculated by OIG based on documentation provided by OSFM and the service providers.

¹ OGC's Legal Information Retrieval and OFM's Oklahoma Enterprise Application Systems were not included in this table because we did not have fiscal year 2013 data to determine the over- or undercharges.

SUBCOMMITTEE RECESS

Senator MIKULSKI. This subcommittee will now stand in recess to May 1st at 10 a.m., when we take the testimony of the NASA Administrator, Charles Bolden.

I also wish to announce that there will be a full committee hearing on two things in which we hope to create jobs, one of which on April 29th we will be holding a full committee hearing, all hands on deck, on innovation, particularly in terms of life science and others, where we'll listen to everyone from NIH to DARPA to the Department of Energy.

Also, later on in the spring—the date will be announced shortly—we will be having a full committee hearing on physical infrastructure, how we have to look across the committees on our physical infrastructure needs, whether it's in transportation, water and sewer, and our ports.

Senator COONS. And rail.

Senator MIKULSKI. Excuse me?

Senator COONS. And rail.

Senator MIKULSKI. Yes. But that's transportation. But our ports themselves. There are big ships coming through the Panama Canal. Maryland is ready, but we looked ahead and got ourselves ready. But we need viable ports. We want those imports and exports, and Japan is one of our great trading partners with Toyotas and motorcycles.

Anyway, we will be holding a full committee hearing on kind of an infrastructure appropriation so we know that every subcommittee is looking at our physical infrastructure using this year's appropriations, how we can have a horizontal view on what this means to creating jobs and yet getting value for our dollar, solving important problems in transportation, the environment through public works, getting our ports ready for the new ships in the new century.

So these are the kinds of things we'll be doing, and therefore the committee, for now, stands in recess until the full committee hearing on April 29th, and this subcommittee, May 1st, for NASA.

Secretary PRITZKER. Thank you very much. Thank you, Senator.

[Whereupon, at 11:25 a.m., Thursday, April 10, the subcommittee was recessed, to reconvene at 10 a.m. on Thursday, May 1.]