



Top Management and Performance Challenges Facing the Department of Commerce in Fiscal Year 2026

Report No. OIG-26-003

December 1, 2025

About the Office of Inspector General

Our mission is to improve the Department of Commerce's programs and operations through independent and objective audits, investigations, and evaluations. We follow established governmental standards to accomplish our work and report our results to departmental leadership and Congress.

Visit us at <https://www.oig.doc.gov/> for more information and to view our other reports. To report fraud, waste, and abuse in the Department's bureaus and programs, contact our hotline: <https://www.oig.doc.gov/doc-oig-hotline-intro/>.

About the *Top Management Challenges* Report

This [report](#) summarizes the Department's most serious management and performance challenges in FY 2026. If the Department does not address these challenges, it will struggle to successfully implement its priorities and meet its mission of creating conditions for economic growth and opportunities for all communities.

The report's three sections broadly reflect the Department's major challenge areas:

1. Modernizing technology and operations
2. Providing core services and data
3. Managing spending

On the following pages, we briefly describe the challenges in each of these areas.

Section 1: Modernizing Technology and Operations

Strengthening the Department's IT security and modernizing technology, systems, and operations to increase efficiency and better serve the American people.

➤ Information Security

Despite some progress over the years, the Department's cybersecurity program still cannot be considered effective overall. And while plans to streamline operations may improve efficiency, they will also create challenges in sustaining adequate cybersecurity funding and staffing.

➤ Modernizing Departmental Systems

Implementation of two new departmental systems, intended to modernize financial and grant management, is progressing. However, both projects have suffered cost increases, significant schedule delays, and performance issues.

➤ Artificial Intelligence and Other Emerging Technologies

As the Department accelerates its use of AI, a significant challenge will be to implement guidance and protect users' safety and privacy. The U.S. Patent and Trademark Office (USPTO), too, is working to ensure that its new technologies, including AI tools, are effective.

➤ NIST Facility Upgrades

The National Institute of Standards and Technology's (NIST's) outdated, dilapidated facilities threaten mission performance and worker health and safety. NIST has developed a plan to address the condition of its facilities, but the plan relies on sustained, long-term funding from Congress.

Section 2: Providing Core Services and Data

Providing essential information and services to stakeholders on varied subjects like trade, weather and environment, intellectual property, and U.S. population.

► Global Trade

The Bureau of Industry and Security has implemented and expanded many export controls in recent years to address the national security threats posed by foreign adversaries that try to obtain U.S. goods and technologies. At the same time, the International Trade Administration's enforcement of trade remedies empowers American companies and workers, but it has not yet taken some steps needed to effectively resolve foreign trade barriers.

► Satellite, Weather, and Environmental Capabilities

The National Oceanic and Atmospheric Administration's (NOAA's) fleet of geostationary weather satellites has been deployed, but long-term continuity of weather data depends on the timely development of the next-generation satellite program, whose scope and readiness remain in flux.

In addition, the National Weather Service (NWS) is maintaining its aging, mission-critical weather radar system even as it faces uncertainty around its planned replacement. NWS also faces long-standing workforce challenges, exacerbated by the departure of approximately 13 percent of its employees in early 2025.

NOAA is replacing its aging fleets of specialized "hurricane hunter" planes and research ships. To prevent gaps in critical real-time hurricane data and support safe navigation, coastal resource management, and disaster preparedness and response, NOAA is maintaining its current fleets' operations as it addresses technical challenges associated with the replacements.

Finally, the Department has begun providing basic space situational awareness data and services. Programmatic, acquisition, and resource challenges could impact the Office of Space Commerce's ability to complete a key step toward fulfilling its requirements.

► Patent and Trademark Timeliness and Integrity

USPTO has made some progress in reducing trademark application pendency. It still needs to improve the timeliness of its patent and trademark application processes and effectively address fraudulent claims without sacrificing quality.

► 2030 Census and Other Population Surveys

The U.S. Census Bureau has planned extensive research and testing to prepare for the 2030 census, but challenges persist with an important census quality check. The bureau also must carry out production and quality assurance processes for a survey that provides population estimates of American communities. At the same time, staffing issues may affect its ability to complete the surveys that provide data the government, businesses, and other groups need.

Section 3: Managing Spending

Funding and managing major programs efficiently to maximize American technological leadership while protecting taxpayer dollars from risk, fraud, waste, and abuse.

► Oversight and Fraud Prevention

As the Department focuses on the President's America First Investment Policy and revitalizing the economy, its challenges include adapting its grant and contract oversight to changing priorities and programs, consolidating programs for more efficiency, ensuring that its acquisitions staff has the skills and expertise needed, and managing fraud risk by increasing fraud detection, prevention, and response.

► Broadband Grant Programs

The National Telecommunications and Information Administration (NTIA) is administering almost \$49.8 billion for six grant programs aimed at getting broadband access to every American. NTIA has begun addressing unrealistic requirements that cause delays and hinder progress even as an increased emphasis on eliminating government waste highlights the need for strong oversight.

► CHIPS and Science Act Programs

To help increase American leadership in semiconductors and related technologies, the CHIPS program is awarding and managing up to \$125 billion in direct funding, loans, and loan guarantees. The program's ongoing challenge is to issue funding efficiently while reducing the risk of errors, fraud, waste, and abuse.

In addition, NTIA is managing the Public Wireless Supply Chain Innovation Fund, a CHIPS Act-funded grant program aimed at increasing U.S. leadership in 5G and successor technologies. As it implements this program, NTIA needs to ensure that funds are granted only to eligible applicants and used according to program objectives.

► First Responder Network Authority

FirstNet Authority administers a multibillion-dollar contract with AT&T to develop and manage a nationwide broadband network to give public safety entities a dedicated, reliable means of communicating during emergency response. Longstanding deficiencies in FirstNet Authority's contract administration seriously impact the contract's performance as well as the network's services to first responders.

► Hollings MEP Program

Inadequate oversight has placed NIST's Hollings Manufacturing Extension Partnership program, which aims to help U.S. manufacturers improve, upgrade, and innovate, at risk. Inefficient use of funds and unreliable, overstated economic impact data increase the potential for fraud, waste, and abuse throughout the program.