



COMMITTEE ON
SCIENCE, SPACE, & TECHNOLOGY
Lamar Smith, Chairman

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Statement of Chairman Lamar Smith (R-Texas)
*A Review of Recommendations for NSF
Project Management Reform*

Chairman Smith: This morning's hearing focuses on an issue that has been of great concern to the Science Committee for the last two years – the National Science Foundation's (NSF's) management of major research facility projects.

The Committee seeks to ensure that taxpayer dollars are not wasted on mismanagement and questionable costs. Today's hearing will help achieve this goal and address what steps the NSF should take to reform its oversight and management of large-scale projects.

Last year, with the support of a whistleblower and the work of the Inspector General (IG), the Committee initiated a broad review of how NSF manages these projects.

In response, NSF Director France Córdova agreed to commission a study by the National Academy of Public Administration (NAPA) to take a closer look at how NSF could better manage large-scale projects.

Today we will hear from the NAPA study committee's project director about the results of the 8-month study and the 13 recommendations NAPA made to improve NSF's management and oversight of cooperative agreements.

We also are fortunate to have the Chief Operating Officer of NSF, Dr. Richard Buckius, and Inspector General Allison Lerner with us.

We will hear how the NSF intends to respond to the recommendations and how implementing the suggested reforms would or would not address issues the IG's office has uncovered in recent audits of cooperative agreements.

We must work together to ensure that no current or future large-scale project faces the same financial mismanagement that has plagued the National Ecological Observatory Network (NEON).

This Committee held several hearings on the mismanagement of NEON. This includes last September when we learned that the project was on track to be \$80 million over budget and 18 months behind schedule.

It was a problem that we saw coming, and the NSF should have too.

In the first NEON hearing the Committee held in December 2014, we learned that the Inspector General's independent audit of NEON's cost proposal identified more than \$150 million in unsupported or questionable costs. Yet NSF went ahead, made the award, and did not resolve these issues.

A second audit of NEON's accounting system revealed a number of inappropriate expenditures, which include lobbying, parties, and travel. All of these activities were financed by the management fee NSF agreed to pay NEON for ordinary and essential business expenses. And all these dollars came from taxpayers.

For its part, the NSF finally seems to be taking steps to more closely manage and take control over the costs of NEON.

It is time for NSF to make systematic changes across the Foundation for all of its major projects, guided by the thoughtful recommendations and expertise of NAPA. If necessary, the Committee will follow-up with legislative action so that the mismanagement of taxpayer funds will not continue.

The NSF, as well as its grantees and contractors, need to be held accountable for how they spend taxpayers' hard-earned dollars. The basic responsibility of any government agency is to act in the national interest.

I hope we can work together to ensure that the misuse of federal funds does not happen again.

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