



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

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Statement of Oversight Subcommittee Chairman Barry Loudermilk (R-Ga.)
A Review of Recommendations for NSF Project Management Reform

Chairman Loudermilk: Good morning. First I want to thank our witnesses for being here today. I am looking forward to hearing from each of you on this very important matter.

We are here today to discuss the National Science Foundation's (NSF) oversight of major research facilities developed under cooperative agreements and recommendations made by the National Academy of Public Administration (NAPA).

The NSF funds a variety of large research projects, including multi-user research facilities, tools for research and education, and instrumentation networks. Last February, this Committee held a hearing regarding one of these large research projects, the NEON Project, after learning about the mismanagement of appropriated funds. Specifically, the hearing discussed the findings of two financial audits of NEON conducted by the National Science Foundation's Office of Inspector General (OIG) and the Defense Contract Audit Agency (DCAA). One of those audits discovered that NEON was allowed to use federal money for explicitly unallowable costs, including liquor, lobbying, and a lavish holiday party.

Both audits of the NEON Project were initiated by the NSF Office of the Inspector General due to concerns about the lack of NSF's review of costs and accounting financial controls of major research facilities prior to entering into cooperative agreements. Today we will hear from the Inspector General who once again raised concerns about NSF's management of cooperative agreements and proper stewardship of federal funds. Her work and the oversight of this Committee resulted in NAPA conducting a commissioned review of NSF's cooperative agreements to support the development, construction and operations of large-scale research facilities.

These NSF funded cooperative agreements include the construction of the Large Synoptic Survey Telescope, the Daniel K. Inouye Solar Telescope, and the National Ecological Observatory Network. These 5-10 year construction projects range from \$344 million to \$473 million in total project cost. Proper stewardship of taxpayer dollars is paramount when executing projects of this magnitude.

As a small business owner and former director of a non-profit, I wholeheartedly understand the importance of accountability. The fact that NSF is mishandling

American taxpayer dollars, with little consequence is absolutely inexcusable. What is even more inexcusable is that NSF has received warnings about this kind of irresponsible spending over the past four years, and it has not taken adequate measures to resolve the matter.

I am not only interested in learning about how the federal government can -- and needs to -- do a better job with transparency and accountability, but also how we can ensure that this kind of negligence is not occurring with other cooperative agreements. I look forward to today's hearing, and hope that today will help inform us on how to provide better oversight and management of federally-funded research projects to ensure that taxpayers can trust us with their money and know that it will be spent in the manner intended.

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