

OPENING STATEMENT

Ranking Member Daniel Lipinski, Research & Technology Subcommittee

House Committee on Science, Space, and Technology

Subcommittee on Research & Technology

Subcommittee on Oversight

“A Review of Recommendations for NSF Project Management Reform”

February 4, 2016

Thank you Chairwoman Comstock and Chairman Loudermilk for holding this hearing to review recommendations for National Science Foundation project management reform.

In 1995, the NSF created an agency-wide budgetary account to promote effective planning and management in the Foundation’s support for major research equipment and facilities construction, or MREFC. This account supports the acquisition, construction, and commissioning of major multi-user research facilities which typically cost between \$100 and \$500 million and may take a decade to complete from planning to the start of full operations.

In the early 2000’s, this Committee and the scientific community raised concerns over management & oversight of the MREFC account. In response, the NSF took a number of steps to strengthen their processes and cost controls. Over the next decade, the agency shepherded through many successful projects which today remain important, cutting-edge research facilities for the scientific community.

In 2010, the NSF Office of Inspector General (OIG) began raising new concerns about policies and practices for awarding & managing large construction projects. Since then, this Committee has held a number of oversight hearings related to the MREFC account & specific projects. During this period, disagreement arose between NSF and the OIG over what constitutes appropriate and/or necessary policies & practices, with no apparent resolution in sight. This Committee proposed draft legislation, some of it on a bipartisan basis, in an effort to forge a path forward. Then, as now, I feel that while this Committee's prerogative to exercise its oversight & legislative authority is important, we must also be aware of the unintended consequences of micromanagement.

Afterwards, serious structural problems were discovered with the management of the National Ecological Observatory Network, or NEON. Since the summer of 2014, and largely in response to the failures with NEON, NSF has taken a number of additional steps to strengthen its business practices. But the OIG has continued to raise red flags. Early last year, the National Science Board and NSF leadership commissioned a 3rd party independent review of the Foundation's use of cooperative agreements to support large projects, which would include benchmarking NSF's practices against those of other agencies with large scientific facilities. The result was the report by the National Association of Public Administration, or NAPA, that is the subject of today's hearing.

By all accounts, the NAPA review is thorough, thoughtful, and balanced. The experts on the NAPA panel came down solidly in support of NSF continuing to use cooperative agreements rather than contracts to support MREFC projects, so in my view we can probably dispense with that debate. With respect to specific cost control policies and practices, NAPA largely agreed with NSF that their policies are not inconsistent with OMB guidelines, but still urged them to implement stronger preventive cost controls. NAPA also offered several recommendations for NSF to strengthen its project management procedures across the agency and to rethink roles and responsibilities for planning, management, and oversight of MREFC projects.

I understand that the IG, Ms. Lerner, supports the NAPA recommendations overall, but would still urge NSF to take steps above and beyond those recommended in the NAPA report. I hope we will have the chance to discuss all of this during the hearing.

Before I conclude, I would like to make two points. First, I am hopeful that this report will serve not just to strengthen NSF's business practices for large projects, but also to smooth the way toward greater trust between the OIG & NSF management – both of whom I'm sure have the best interests of the scientific community & taxpayers in mind.

Second, I want to highlight the very last section of the NAPA report entitled "The Cost of Increased Oversight." It would be irresponsible for us to ignore the reality that it will not be possible for NSF to implement NAPA's recommendations -- let alone the IG's -- without

increased funding to support such oversight. I hope that the NSF requests enough funding in their budget to implement the NAPA recommendations. In addition, I hope that all of my colleagues will join me this spring in urging our Appropriators to fully fund the agency's request for its management account.

With that, I thank the witnesses for being here this morning and I yield back.