

EDITORIAL: UNINFORMED CONGRESSIONAL ACTION AGAINST NASA UNCOSTED CARRYOVER AND NASA'S RESPONSE ARE NOT GOOD FOR RESEARCH PROGRAMS

Mark V. Sykes
Planetary Science Institute

May 9, 2010

At the end of fiscal 2009, NASA had not spent 22% of its budget, carrying it over to the new fiscal year. Of this, 6% were grants and cooperative agreements (mostly from research programs) representing obligations to various organizations that had yet to spend those funds, of which less than 2% were such grants and cooperative agreements from prior fiscal years. Before you think this is just extra money floating around, consider that the situation of a scientist receiving a one-year research grant half way through the fiscal year (in April). At the end of the fiscal year (September 30), assuming pro-rata spending, half of the money would be unspent and would be carried over to the new fiscal year. A significant portion of NASA research program carryover is by design, due to grants being awarded in annual increments with start dates throughout the year, allowing for the efficient execution of those programs.

Someone on the Commerce Subcommittee of the House Appropriations Committee had a seemingly brilliant idea: NASA should be spending all of its appropriated funds within a given fiscal year. Congress thought this was such a good idea that in the report language for the 2010 Omnibus budget bill, it threatened the agency. If NASA did not improve its spend out of funds, Congress would limit funding for most of its operating accounts to only one year, allowing only 10% to be allocated as two-year funding (which might actually translate as limiting carryover to about 5%). No one asked if the nature of any NASA programs required carryover and to what extent.

Not to be outdone, NASA itself does not know in detail how much carryover is desired across all of their programs. Instead, the agency is responding to Congress by trying to reduce carryover in the area it declares is most problematic: research programs! It is accomplishing this by trying to micromanage awards made within these programs, adding to the burdens of what a recent National Research Council report describes as seriously understaffed program managers, increasing administrative costs to research institutions, potentially undermining some projects, and at best generating no benefit to the funded research. The principal impact at present is that award anniversary dates are passing by and the second or third years of funding for some research programs are simply not appearing at their institutions.

NASA is taking an overly simplistic view of how grant money is spent by scientists. It does make superficial sense that if a scientist has not spend his or her funds in the

previous year, the next installment can wait a year and the scientist can request a no-cost extension. This does not recognize the fact that in the real world, scientists may be juggling four, six or more funded projects. One year of funding on a grant may support only two or three months of effort. Delays for a wide range of reasons may result in the scientist planning to do the second and third year of effort all within the third year with no need for a no-cost extension. This is why re-phasing funding without consulting with the PI is a very bad idea. The PI is ultimately responsible for the funded research, and disrupting his or her plans only threatens to reduce the return on the tax-payer investment in that project.

Grants are awarded to institutions. When a grant is awarded, the institution receives a letter indicating the amount of budget for each year, the start date at which time the institute can begin incurring expenses, the termination date after which all spending must stop (usually the end of the last grant year of a multi-year award), and authorization to spend up to the first year budgeted for the grant. Prior to each anniversary date, the institution will receive a modification of award letter authorizing it to spend up to the net budgeted through the next year of the award. If a program officer decides to reduce, say, the third year of an award, a no-cost extension does not entitle the institution to the balance of the original award. If there is a change in program officers in the interim, arrangements made outside of the accounting systems of both NASA and institutions may be difficult to reconstruct and honor. If PIs wish to extend the time over which awarded funds may be spent, they can request a no-cost extension. If a program officer wishes to re-phase an award to extend over an additional year, particularly with some monies allocated to that additional year, there needs to be a modification letter from NASA that contains the new termination date and the revised award amounts for each year. This may require revised budgets from the institution, but it allows for transparency and certainty in the re-phasing process. At present, NASA is proceeding with grant re-phasings without any formal process in place. This is a recipe for chaos.

So what needs to be done?

(1) People should call for the support of their Congressional delegations to immediately and specifically exclude NASA research and data analysis programs from those operating expenses it threatens in the report language to the 2010 Omnibus bill. Congress should consider grants and contracts awarded under these programs as fully costed at the time of award.

(2) People should call on Congress to do its homework prior to taking action. If it is the desire of Congress to pursue the question of NASA carryover, Congress should ask NASA to make a determination of how much carryover is expected from one fiscal year to the next, and how that compares with actual carryover by program. In the event of a significant discrepancy between predicted and actual carryover, NASA should make a determination as to why the discrepancy exists.

(3) NASA should immediately halt its programmatically inconsistent "re-phasing" activities and fund all second and third year awards for which the anniversary date has passed. If, in the course of normal program management, a program officer notices significant underspending in an award, communicates with the PI, and decides with the agreement of the PI that a re-phasing to an additional award year is desired, the program officer should commence a process by which a modification of award is processed and transmitted to the PI's institution. The modification of award should reflect that there is an additional year of award and that the totals reflect the re-phasing, with no net loss of funds. No re-phasing and the granting of a no-cost extension might be the alternative.