

**SALARIES AND EXPENSES****\$269,000,000**

The FY 2006 Budget Request for Salaries and Expenses (S&E) is \$269.0 million, an increase of \$45.80 million, or 20.5 percent, over the FY 2005 Current Plan of \$223.20 million. Adequate funding for Salaries and Expenses, particularly for Staffing and Information Technology, is critical to the efficient operations of the agency.

**Summary of Salaries and Expenses by Function**

(Dollar in Millions)

	FY 2004 Actual	FY 2005 Current Plan	FY 2006 Request	Change over FY 2005	
				Amount	Percent
<b>Human Capital</b>					
Personnel Compensation & Benefits	139.58	150.73	161.33	10.60	7.0%
Management of Human Capital	4.00	3.47	7.50	4.03	116.1%
Operating Expenses	10.10	5.72	5.17	-0.55	-9.6%
Travel	4.79	7.26	8.75	1.49	20.5%
Subtotal, Human Capital	158.47	167.18	182.75	15.57	9.3%
<b>Technology and Tools</b>					
Information Technology	32.20	26.93	52.60	25.67	95.3%
Space Rental	18.69	19.70	21.58	1.88	9.5%
Other Infrastructure	7.48	7.31	9.57	2.26	30.9%
Subtotal, Technology and Tools	\$58.37	\$53.94	\$83.75	29.81	55.3%
Business Analysis	2.08	2.08	2.50	0.42	20.2%
Total, Salaries and Expenses <sup>1</sup>	\$218.92	\$223.20	\$269.00	\$45.80	20.5%

Totals may not add due to rounding.

<sup>1</sup> The FY 2004 Actual includes a transfer of \$260,500 from the Department of State for processing an award to the U.S. Civilian Research and Development Foundation.

**S&E Funded NSF Workforce**

(Full-Time Equivalents (FTE) and Other Staff)

	FY 2004 Actual	FY 2005 Current Plan	FY 2006 Request	Change over FY 2005	
				Amount	Percent
NSF S&E -- Regular	1,166	1,225	1,248	23	1.9%
NSF S&E -- Student	32	35	35	0	0.0%
Subtotal, FTE	1,198	1,260	1,283	23	1.8%
Detailees to NSF	6	6	6	0	0.0%
Contractors Performing Adm. Functions	210	210	210	0	0.0%
Total, Workforce	1,414	1,476	1,499	23	1.6%

**Appropriation Language**

For salaries and expenses necessary in carrying out the National Science Foundation Act of 1950, as amended (42 U.S.C. 1861-1875); services authorized by 5 U.S.C. 3109; hire of passenger motor vehicles; not to exceed \$9,000 for official reception and representation expenses; uniforms or allowances therefor, as authorized by 5 U.S.C. 5901-5902; rental of conference rooms in the District of Columbia; and reimbursement of the General Services Administration for security guard services; ~~\$225,000,000~~\$269,000,000: Provided, That contracts may be entered into under "Salaries and expenses" in fiscal year ~~2005~~2006 for maintenance and operation of facilities, and for other services, to be provided during the next fiscal year. (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2005.)

**Adjustments to Base**

**Salaries and Expenses  
FY 2006 Summary Statement  
(Dollars in Millions)**

	Enacted/ Request	Rescission	Transfers <sup>1</sup>	Total Resources	Lapsed	Obligations Incurred/Est.
FY 2004 Appropriation	220.00	-1.30	0.26	218.96	0.04	218.92
FY 2005 Current Plan	225.00	-1.80	-	223.20	-	223.20
FY 2006 Request	269.00	-	-	269.00	-	269.00
\$ Change from FY 2005	44.00			45.80		
% Change from FY 2005	20%			20.5%		

<sup>1</sup> Transferred to NSF from the Department of State for an award to the Civilian Research and Development Foundation.

Summary of Major Changes

(Dollars in Millions)

**S&E FY 2005 Current Plan.....\$223.20**

**Human Capital** +15.57

Funding for Human Capital increases by \$15.57 million to a total of \$182.75 million, a 9.3 percent increase over FY 2005. The major components of this increased investment are:

- \$161.33 million for Personnel Compensation and Benefits, an increase of \$10.60 million, which includes an increase of 23 full-time equivalent (FTE) employees as well as comparability and locality pay and costs related to employee benefits.
- \$7.50 million for Management of Human Capital, an increase of \$4.03 million. The increased funding includes \$3.05 million for Strategic Human Capital Management and \$980,000 for the NSF Academy.
- \$5.17 million in general operating expenses associated with NSF's programmatic responsibilities, a decrease of \$550,000; and
- \$8.75 million for Travel, an increase of \$1.49 million over the FY 2005 Current Plan.

**Technology and Tools** +29.81

Funding for Technology and Tools increases by \$29.81 million or 55.3 percent to a total funding level of \$83.75 million in FY 2006. The major components of this investment are:

- \$52.60 million for Information Technology, an increase of \$25.67 million. The major components of this increase are IT Security (\$2.80 million increase), Next Generation Grants Management and eGovernment (\$7.90 million), Applications Maintenance (\$4.70 million), and IT Infrastructure Maintenance and Operations (\$8.07 million).
- \$21.58 million for Space Rental, an increase of \$1.88 million, which includes costs for rent increases as well as additional space needs.
- \$9.57 million for Other Infrastructure needs, an increase of \$2.26 million. The largest increase, \$990,000, is for ongoing administrative contracts.

**NSF Business Analysis** +0.42

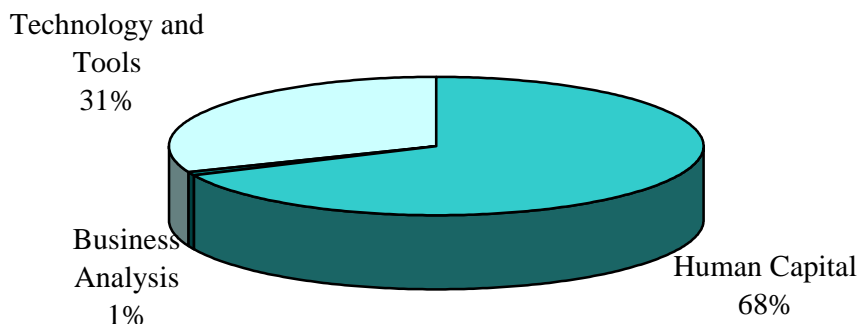
Funding increases by \$420,000 to a total Request of \$2.50 million in FY 2006, which will complete funding for the multi-year Business Analysis effort, a comprehensive assessment of NSF's core business processes, human capital, and technology management.

Subtotal, Changes +45.80

**FY 2006 Request, S&E.....\$269.00**

**SALARIES AND EXPENSES – FY 2006 REQUEST BY MAJOR FUNCTION**

*FY 2006 S&E Request of \$269.0 Million*



The rapid pace of discovery in science and engineering research and education creates unprecedented opportunities for investment, but also increases the NSF workload. With the rapidly changing character of research, new demands are placed on NSF staff and systems. Proposals today address more complex scientific questions, involve a wider array of collaborations, and increasingly, cross disciplinary boundaries.

NSF maintains its commitment to excellent, results-oriented management and stewardship. To solidify this endeavor, the NSF Strategic Plan was modified in FY 2003 to incorporate Organizational Excellence (OE) as a strategic goal, on a par with NSF's established science and engineering goals of People, Ideas, and Tools. Organizational Excellence reinforces the idea that excellence in management underpins all of the Foundation's activities and calls on us to be "an agile, innovative organization that fulfills its mission through leadership in state-of-the-art business practices." The focus of the Organizational Excellence goal on human capital, business processes, and technologies and tools resonates strongly with the President's Management Agenda (PMA) goals in critical business disciplines and adds momentum to our ongoing efforts.

Many OE initiatives are derived directly from the multi-year NSF Business Analysis, which is important in supporting our integrative, multidisciplinary approach to management excellence and to achieving results. These efforts, directly or indirectly, help NSF provide first-rate customer service to proposers, reviewers, and grantees.

The increase requested in FY 2006 supports additional staffing to handle the growing workload and additional travel funds to ensure adequate management and oversight of our portfolio. This increase will also provide for existing and overdue investments that foster NSF's continuing commitment to outstanding customer service.

**HUMAN CAPITAL (\$182.75 million)**

The FY 2006 Request for Human Capital totals \$182.75 million, an increase of \$15.57 million or 9.3 percent, over the FY 2005 Current Plan of \$167.18 million. These investments consist of four major components: Personnel Compensation and Benefits, Management of Human Capital, Operating Expenses, and Travel.

**Human Capital Funding**

(Dollars in Millions)

	FY 2004 Actual	FY 2005		Change over FY 2005	
		Current Plan	FY 2006 Request	Amount	Percent
Personnel Compensation and Benefits	139.58	150.73	161.33	10.60	7.0%
Management of Human Capital	4.00	3.47	7.50	4.03	116.1%
Operating Expenses	10.10	5.72	5.17	-0.55	-9.6%
Travel	4.79	7.26	8.75	1.49	20.5%
<b>Total, Human Capital</b>	<b>\$158.47</b>	<b>\$167.18</b>	<b>\$182.75</b>	<b>\$15.57</b>	<b>9.3%</b>

Totals may not add due to rounding

**Personnel Compensation and Benefits (\$161.33 million)**

**Personnel Compensation & Benefits**

(Dollars in Millions)

	FY 2004 Actual	FY 2005		Change over FY 2005	
		Current Plan	FY 2006 Request	Amount <sup>3</sup>	Percent
		<i>Regular FTEs</i>	<i>1,166</i>	<i>1,225</i>	<i>1,248</i>
Regular Salary					
Base Salary	\$104.90	\$112.41	\$116.15	3.74	3.3%
Salary Cost of Additional FTE	-	-	2.27	-	-
COLA & Locality Pay <sup>1</sup>	-	-	2.34	-	-
Subtotal, Regular FTE Salary	\$104.90	\$112.41	\$120.76	\$8.35	7.4%
<i>Student FTEs</i>	<i>32</i>	<i>35</i>	<i>35</i>	<i>0.00</i>	<i>0.0%</i>
Student Salary	\$0.91	\$0.99	\$1.01	\$0.02	2.0%
<b>Total, FTEs</b>	<b>1,198</b>	<b>1,260</b>	<b>1,283</b>	<b>23</b>	<b>1.8%</b>
Subtotal, FTE Pay	\$105.81	\$113.40	\$121.77	\$8.37	7.4%
Benefits and Other Compensation <sup>2</sup>	33.77	37.33	39.56	2.23	6.0%
<b>Total, PC&amp;B</b>	<b>\$139.58</b>	<b>\$150.73</b>	<b>\$161.33</b>	<b>\$10.60</b>	<b>7.0%</b>

<sup>1</sup>The pay increase includes the prior budget year's COLA and Locality Pay increase, nine months of the budget year's COLA and Locality Pay increase, within grade and adjustments to FTE payroll hours.

<sup>2</sup>This category includes employee benefits, detailees to NSF, terminal leave, awards, and other benefits.

<sup>3</sup>The \$3.74M increase in the FY 06 base salary reflects the full annual cost of employees hired throughout FY 2005.

\$161.33 million for Personnel Compensation and Benefits, an increase of \$10.60 million, which includes an increase of 23 full-time equivalent (FTE) employees as well as comparability and locality pay and costs related to employee benefits.

**Management of Human Capital (\$7.50 million)**

**Summary of Management of Human Capital by Function**

(Dollars in Millions)

<b>Management of Human Capital</b>	FY 2004	FY 2005	FY 2006	Change over	
	Actual	Current Plan	Request	Amount	Percent
Strategic Human Capital Management	2.00	1.95	5.00	3.05	156.4%
NSF Academy	2.00	1.52	2.50	0.98	64.5%
<b>Total, Management of Human Capital</b>	<b>\$4.00</b>	<b>\$3.47</b>	<b>\$7.50</b>	<b>\$4.03</b>	<b>116.1%</b>

The FY 2006 Management of Human Capital request is \$7.5 million, an increase of \$4.03 million from the FY 2005 Current Plan. This level will enable the Foundation to implement an enhanced, integrated human capital system that incorporates eGovernment solutions and addresses the President's Management Agenda. These efforts support the Office of Personnel Management's Human Resource Line of Business, expand eLearning initiative offerings, and more fully develop the curricula, content and knowledge management aspects of NSF's Learning Management System.

- **Strategic Human Capital Management**

Strategic Human Capital Management encompasses a range of activities related to the planning and management of NSF internal workforce. In FY 2006, NSF will more than double spending on these activities, from \$1.95 million to \$5.0 million. In addition, \$2.5 million is requested in the Technology and Tools function of the S&E account for the IT infrastructure necessary to support these activities. This increased investment is needed to sustain an overdue effort to transform how NSF plans for and manages its internal human capital needs. This will take initial steps toward providing managers with powerful workforce analytic and planning capabilities, providing NSF employees with direct access to employment information, and supporting NSF's transition to a competency-based human resource system. When implemented, this new human capital system will provide a suite of interconnected capabilities, including enhanced workforce planning, position classification and management, competency management, recruiting, and performance management.

FY 2006 is a vital year in this effort, as NSF will be analyzing the services offered by different providers of the Human Resource Line of Business (HR LOB), the government-wide initiative being led by the Office of Personnel Management (OPM). To determine the best fit for NSF among the different providers, FY 2006 funding will be used to: analyze and select from among the service providers; provide project oversight for the implementation of HR LOB-approved Human Resource Information System service provider; assist in the identification of alternative services to fill gaps not available through the selected shared service provider, but that are essential to a comprehensive human capital system; pay for necessary service fees charged by one or more service providers; and provide HR-related support for implementation of OPM's President's Management Agenda eGovernment systems including its electronic personnel folders, Workforce Analysis Support System, Civilian Forecasting System, and Business Intelligence Tool initiatives.

- **NSF Academy**

In FY 2006, NSF will increase spending from \$1.52 million to \$2.50 million. This increase of \$980,000 allows NSF to develop and implement a wide range of programs recommended in a recent OPM audit, continue its multi-year effort to implement an OPM eGovernment Learning Management System, provide a comprehensive project management certificate program, including an Earned Value Management component, and implement a series of proprietary eLearning program and online tutorials to increase the capabilities of permanent and rotator program officers to effectively monitor, examine and administer grant proposals.

**Operating Expenses (\$5.17 million)**

Operating Expenses decrease by \$550,000, or 9.6 percent, to \$5.17 million in FY 2006. These include direct costs of supplies, equipment, and other operating expenses necessary for the management of NSF's research and education activities.

**Travel (\$8.75 million)**

Travel increases by \$1.49 million, or 20.5 percent, to \$8.75 million in FY 2006. These resources fund travel required for an enhanced oversight of existing awards as recommended by the agency's Inspector General. These funds will also be used to intensify management and oversight activities, enable staff to participate in national and international science and engineering conferences and workshops, and provide access to strategic training opportunities.

**TECHNOLOGY AND TOOLS (\$83.75 million)**

Funding for Technology and Tools increases by \$29.81 million or 55.3 percent to a total funding level of \$83.75 million in FY 2006.

**Technology and Tools Funding**

(Dollars in Millions)

	FY 2004 Actual	FY 2005		Change over FY 2005	
		Current Plan	FY 2006 Request	Amount	Percent
Information Technology	32.20	26.93	52.60	25.67	95.3%
Space Rental	18.69	19.70	21.58	1.88	9.5%
Other Infrastructure	7.48	7.31	9.57	2.26	30.9%
<b>Total, Technology and Tools</b>	<b>\$58.37</b>	<b>\$53.94</b>	<b>\$83.75</b>	<b>29.81</b>	<b>55.3%</b>

**Information Technology (\$52.60 Million)**

The FY 2006 Information Technology Request is \$52.60 million, an increase of \$25.67 million, or 95.3 percent, from the FY 2005 Current Plan. This level will enable the Foundation to address key President's Management Agenda initiatives, support a world-class, secure infrastructure that is responsive to customer needs, address management challenges identified through internal review and oversight, and implement recommendations stemming from the NSF's multi-year Business Analysis.

### Summary of Information Technology by Function

(Dollars in Millions)

Information Technology	FY 2004 Actual	FY 2005		Change over FY 2005	
		Current Plan	FY 2006 Request	Amount	Percent
IT Security	1.50	2.20	5.00	2.80	127.3%
Next Generation Grants Mgmt & eGov	5.30	2.30	10.20	7.90	343.5%
Human Capital System	1.00	0.70	2.50	1.80	257.1%
Enterprise Architecture	0.50	0.70	1.10	0.40	57.1%
Applications Maintenance	12.90	9.40	14.10	4.70	50.0%
- Finance and Administrative Applications	5.10	4.10	5.30	1.20	29.3%
- FastLane and Legacy Grants Applications	7.80	5.30	8.80	3.50	66.0%
IT Infrastructure Maintenance and Operations	11.00	11.63	19.70	8.07	69.4%
<b>Total, Information Technology</b>	<b>\$32.20</b>	<b>\$26.93</b>	<b>\$52.60</b>	<b>\$25.67</b>	<b>95.3%</b>

- **IT Security (\$5.0 million)**

In FY 2006, NSF will more than double spending on IT security, from \$2.20 million to \$5.0 million – a level consistent with the high priority the Foundation places on IT security. These investments allow NSF to acquire and deploy automated configuration management tools that manage patches, virus updates and other security related configuration elements; to fully fund scheduled certification and accreditation activities, including security risk assessments, security plans, and contingency plans; to maintain a comprehensive NSF systems inventory for security purposes; support program-specific security improvements such as the US Antarctic Program security initiatives; to increase contract support to monitor for intrusions and attacks; and to support rapid responses to incidents. Without this level of investment, NSF will not be able to deploy tools and practices to address emergent threats and defend in-depth capabilities needed to assure a sound security posture.

Notably, NSF received an “A” on the most recent Federal Computer Security Score Card issued by the Government Reform Subcommittee on Technology, Information Policy, Intergovernmental Relations and the Census. NSF is one of two Federal agencies ever to receive an “A” on the report card since scores were released.

- **Next Generation Grants Management and eGovernment Initiatives (\$10.20 million)**

In FY 2006, NSF increases support from \$2.30 million to \$10.20 million, a more than four-fold increase. Since funding was reduced from FY 2004 to FY 2005, virtually all-significant new capability in the grants management area was deferred until FY 2006. It is a high priority to restore and enhance investment in this area. While NSF has had great success with its customer facing systems, notably FastLane for receiving proposals and managing progress and financial reporting, the rest of the end-to-end proposal processing systems have not received such investment. NSF currently relies on legacy applications that vary widely in their functional support capability, application age, sustainability, and integration with other applications to support work. Specific areas for investment include migrating and integrating with eGovernment initiatives (notably Grants.gov), support for internal grants administration (proposal, review, and award management), property management, eTravel, records management, eAuthentication, strategic information assets management, and customer relationship systems. These applications will eliminate the need for manual processing, printing and storage of copies of proposal processing files for approximately 70 percent of the proposals received by NSF. Additionally, this funding strengthens proposal review and authentication; timely review and decision; award management and oversight; and closeout.

- **Human Capital System (\$2.50 million)**

In FY 2006, NSF will increase support from \$700,000 to \$2.50 million, a more than three-fold increase. Capital investments in broad-scope eHuman Capital will provide an integrated technology solution set to address all aspects of Human Capital related requirements, including: automated and integrated recruitment, classification, performance management and employment processes; workforce planning and long-term forecasting services; development and electronic management of a comprehensive array of strategically aligned learning experiences; compliance with standards adoption systems and processes developed under eGovernment initiatives; and related time and attendance and benefits services. FY 2006 will be a year of acquiring automated tools to support the initiatives for improved human capital management identified in the NSF Human Capital Plan, automate critical human resource functions, and maintain the new Learning Management System that is being deployed in FY 2005.

- **Enterprise Architecture (\$1.10 million)**

In FY 2006, NSF will increase support from \$700,000 to \$1.10 million, a 57 percent increase. While spending on Enterprise Architecture will remain close to steady at \$600,000, an increase of \$400,000 will support OMB mandated requirements for an Earned Value Management System to improve management of major IT projects and to support more integrated investment planning. Ongoing investments are for consulting services for planning and analysis resulting in the recommended NSF current, transitional, and future Enterprise Architectures. These funds will complement the Enterprise architecture initiatives from the multi-year Business Analysis.

- **Applications Maintenance (\$14.10 million)**

In FY 2006, NSF will increase support from \$9.40 to \$14.10 million, an increase of \$4.70 or 50 percent. Increased funding will support Finance and Administrative Applications and FastLane and Legacy Grants Applications. This investment allows required maintenance for these critical grants management applications and provides funding to integrate FastLane with Grants.gov applications.

- **IT Infrastructure Maintenance and Operations (\$19.70 million)**

In FY 2006, support for IT Infrastructure Maintenance and Operations will increase from \$11.63 million to \$19.70 million. This restores reductions required in FY 2004 and FY 2005 that required maintenance and operations below optimal levels. Increases will support new efforts essential to system modernization such as directory services and tools to manage configuration, quality assurance and software testing; it will support added infrastructure that support new applications such as Grants.gov activities and the enhanced website service; it will support increased costs for help desk services that are currently under-funded and require new services to support new applications; and it will support improvements to desktop configuration management that will enable lowering per seat costs while improving security and performance. At reduced levels, normal infrastructure upgrade and modernization of 25-30 percent of equipment would be deferred, resulting in decreased availability of IT services.

**Space Rental & Other Infrastructure (\$31.15 million)**

**Summary of Space Rental & Other Infrastructure by Function**  
(Dollars in Millions)

<b>Space Rental &amp; Other Infrastructure</b>	FY 2004	FY 2005	FY 2006	Change Over	
	Actual	Current Plan	Request	FY 2005 Amount	FY 2005 Percent
Space Rental	\$18.69	\$19.70	\$21.58	1.88	9.5%
Other Infrastructure	\$7.48	\$7.31	\$9.57	2.26	30.9%
- <i>Administrative Contracts</i>	\$3.21	\$3.30	\$4.29	0.99	30.0%
- <i>Government Goods and Services</i>	\$1.76	\$1.90	\$2.52	0.62	32.6%
- <i>Administrative Services Equipment &amp; Supplies</i>	\$2.61	\$2.11	\$2.76	0.65	30.8%
<b>Total, Space Rental &amp; Other Infrastructure</b>	<b>\$26.17</b>	<b>\$27.01</b>	<b>\$31.15</b>	<b>\$4.14</b>	<b>15.3%</b>

- **Space Rental**

The FY 2006 Request for Space Rental is \$21.58 million, an increase of \$1.88 million, or 9.5 percent, over FY 2005. These resources are needed to offset escalating GSA rental costs and real estate taxes and for the annualized cost of space acquired during FY 2005. The additional space leased in FY 2005 gives NSF four contiguous floors of space in Stafford II. No additional leasing agreements are planned at this time.

The increase of \$1.88 million for Space Rental in FY 2006 is itemized into the following categories: about \$1 million for increased space acquired at the end of FY 2005, \$650,000 increase due to escalation in rent, and \$250,000 increase due to increase in real estate taxes and Federal Protective Services guards.

- **Other Infrastructure**

In FY 2006, support of Other Infrastructure increases from \$7.31 million to \$9.57 million, an increase of \$2.26 or 31 percent. This request is necessary to offset rising costs associated with physical security of the facilities, including contract security guards. Funds are also needed to accommodate rising facility maintenance costs and facility management services necessary to accommodate the continued growth in the volume of proposals submitted. This funding supports three major sets of activities:

- Administrative Contracts support increases from \$3.30 million to \$4.29 million in FY 2006 and is primarily to meet the requirements of Homeland Security Presidential Directive #12 (HSPD-12: Policy for a Common Identification Standard for Federal Employees and Contractors). NSF plans to initiate a project to replace the existing physical security systems and all employee and contractor proximity cards.
- Government Goods and Services support increases from \$1.90 million to \$2.52 million in FY 2006. As NSF acquires additional space, there is a corresponding increase, in security costs as well as routine renovation costs agency-wide.
- Administrative Services Equipment & Supplies increases from \$2.11 million to \$2.76 million in FY 2006. To keep productivity high, equipment is routinely rotated out and replaced by new equipment; this normal equipment replacement schedule is being severely curtailed in FY 2005. Additionally, access licenses to electronic scientific databases and journals will be purchased, a vital service to the NSF scientific community.

## **NSF BUSINESS ANALYSIS (\$2.50 Million)**

In FY 2002, NSF initiated a comprehensive, multi-year Business Analysis, the outcomes of which are informing Organizational Excellence investments for the foreseeable future. The FY 2006 Request for the Business Analysis is \$2.50 million, an increase of \$420,000 from FY 2005.

This study is addressing the fundamental challenges facing NSF, such as the management of an increasingly multi-disciplinary research and education portfolio. The key to this study is a concurrent analysis of human capital, business practices, and technology and tools.

As the Business Analysis winds down during FY 2006, efforts will address the following:

- **Business Process** – Business process team members will provide integration support as necessary to the other Business Analysis work streams -- Human Capital and Technologies and Tools. The Business Analysis will also continue to provide implementation-planning support for NSF's Knowledge Management projects and processes moving into FY 2006.
- **Human Capital** – As part of the ongoing development of the Human Capital Management Plan, the Business Analysis team will help NSF continue to move from a task-based to a competency-based human resource management organization. In FY 2006, it is envisioned that NSF will begin to integrate competencies throughout the human capital lifecycle. The Business Analysis team will help identify the best implementation strategy (prioritizing high-impact human capital processes) and begin working with NSF to carry out the strategy and design of competency-based systems. Much of this work will involve a strong collaboration with the program Directorates and Offices, as well as defining flexible practices that maintain policy/regulation standards but allow for process/execution adaptability.
- **Technology and Tools** – The Technology and Tools team has developed an Enterprise Architecture (EA) that documents all the information systems within NSF, their functions and relationships to other systems, and how they interact to fulfill the organization's mission. An EA provides the organization with the ability to understand and analyze its operations and allows managers to address inconsistencies and redundancies in business process and technologies. In FY 2006, the Technologies and Tools team will focus on the following tasks:
  - Maintenance and continuing definition of NSF Enterprise Architecture business and technical services in accordance with business process and human capital work streams (including re-baselining major NSF systems);
  - Refinement of the NSF Information Technology Implementation Plan in accordance with business process and human capital work streams; and
  - Maintenance of Enterprise Architecture tool and integration with application/system development systems (i.e., Rational).

The Business Analysis continues to have a significant positive impact on how NSF conducts its business.

**General Operating Expenses by Object Class**

The following table shows the planned distribution of general operating expenses by object class and is followed by brief explanations of each category.

**General Operating Expenses by Object Class**

(Dollars in Thousands)

	FY 2005			Change over	
	FY 2004 Actual	Current Plan	FY 2006 Request	FY 2005 Amount	Percent
Travel and Transportation of Persons	4,905	7,046	8,770	1,724	24.5%
Transportation of Things	167	200	200	0	0.0%
Rental Payments to GSA	18,689	19,700	21,580	1,880	9.5%
Communications, Utilities and Misc. Charges	1,732	1,447	1,447	0	0.0%
Printing and Reproduction	302	175	175	0	0.0%
Advisory and Assistance Services	8,918	5,313	9,213	3,900	73.4%
Other Services	7,029	7,861	9,435	1,574	20.0%
Purchases of Goods & Srvcs from Gov't. Accts	1,794	1,896	2,515	619	32.6%
Medical Care	485	530	530	0	0.0%
Operations and Maintenance of Equipment	24,480	17,954	35,957	18,003	100.3%
Supplies and Materials	3,129	3,069	2,319	-750	-24.4%
Equipment	7,450	7,247	15,509	8,262	114.0%
<b>Total</b>	<b>\$79,080</b>	<b>\$72,438</b>	<b>\$107,650</b>	<b>\$35,212</b>	<b>48.6%</b>

Totals may not add due to rounding

**Description of categories:**

- **Travel and Transportation of Persons** includes an increase in FY 2006. These resources fund travel required for increased oversight of existing awards as recommended by the agency's Inspector General.
- **Transportation of Things** consists of household moves associated with bringing new scientists and engineers to NSF.
- **Rental Payments to GSA** includes the rent charged by GSA for NSF's facility in Arlington, Virginia, and four floors in an adjacent building. The increase in FY 2006 is required to fund GSA's estimate for currently occupied space, real estate taxes, an increase in Federal Protective Service guard costs, and a modest increase in leased space.
- **Communications, Utilities, and Miscellaneous Charges** includes all costs for telephone lines and services, both local and long distance, postage, and charges for centrally managed photocopying equipment.
- **Printing and Reproduction** includes contract costs of composition and printing of NSF's publications, announcements, and forms, as well as printing of stationery and specialty items. These costs have been comparatively low for the past several years due to NSF's efforts in web publishing and electronic dissemination.

- **Advisory and Assistance Services** includes development, learning, and career enhancement opportunities offered through the NSF Academy, contracts for position classifications, work life initiatives, outreach, contractual costs for the Business Analysis study, and related services. The increase of \$3.90 million reflects the expansion of the Strategic Human Capital and NSF Academy programs.
- **Other Services** include warehousing and supply services, mail handling, proposal processing, equipment repair and maintenance, building-related costs, furniture repair, contract support for conference room services, security investigations, and miscellaneous administrative contracts. These costs increase by \$1.07 million in FY 2006, as funds are required to begin to implement physical security programs associated with the Homeland Security Presidential Directive #12.
- **Purchases of Goods and Services from Government Accounts** includes reimbursable services purchased from GSA. These costs include security guard services, off-hours heating and air conditioning support, and some construction services. The increase of \$619,000 is driven largely by costs for security guards as well as costs for building renovations.
- **Medical Care** includes costs associated with the health services contract, providing limited on-site medical services to the agency's staff. This includes performing physical examinations for the NSF staff on assignment at the South Pole. These costs are unchanged in FY 2006.
- **Operations and Maintenance of Equipment** includes management and operation of the central computer facility 24 hours/day, 365 days/year; operation of the customer service center and FastLane help desk; maintenance of database server hardware and related peripherals; software licensing fees; data communications infrastructure and network systems support; electronic mail support; and remote access (e.g., Internet and World Wide Web). The increase of \$18.0 million reflects increasing costs for ongoing maintenance and operations and new Information Technology programs and initiatives.
- **Supplies and Materials** include office supplies, library supplies, paper and supplies for the NSF central computer facility, and miscellaneous supplies. This category decreased by \$750,000 to \$2.32 million.
- **Equipment** costs includes new and replacement computing equipment, desktop computers, data communications equipment, video-teleconferencing equipment, office furniture, file cabinets, and support equipment such as audio-visual equipment. Also included are software development costs associated with developing and maintaining central application systems that support proposal, award, financial, and administrative activities. These costs increase by \$8.26 million for upgrades associated with next generation grants management and e-government.



## ORGANIZATIONAL EXCELLENCE

The NSF Strategic Plan for FY 2003-2008 established Organizational Excellence (OE) as a fourth strategic goal for the agency, on a par with the agency's previously-established goals of People, Ideas, and Tools. This reflects the fact that excellence in NSF's internal operations is essential to achieving the Foundation's mission and accomplishing its goals.

The activities that advance NSF's OE goal are funded through five appropriations accounts:

**Salaries and Expenses (S&E)** increase by \$45.80 million, or 20.5 percent, to \$269.0 million in FY 2006. These resources include funding for personnel compensation and benefits, IT-enabled business systems, administrative travel, training, rent, and other operating expenses necessary for effective management of NSF's research and education activities.

**Office of Inspector General (OIG)** increases by \$1.47 million, or 14.7 percent, to \$11.50 million in FY 2006. These resources include funding for personnel compensation and benefits, contract audits, training and operational travel, office supplies, materials, and equipment. Most of the budget increase requested for the OIG will fund the annual audit of NSF's financial statements, which was funded previously from NSF's program accounts (R&RA & EHR). The move improves the alignment of audit management with audit resources. The Appropriation Summary for the OIG provides more information on this adjustment.

**National Science Board (NSB)** increases by approximately \$30,000, or 0.8 percent, to \$4.00 million in FY 2006. These resources include funding for personnel compensation and benefits, contract, training and operational travel, office supplies, materials, and equipment.

Support costs funded in the **Program Accounts - Research and Related Activities (R&RA)** and **Education and Human Resources (EHR)** - decrease by \$1.34 million, or 2.5 percent, to \$51.25 million in FY 2006. These costs include funding for personnel appointments under the Intergovernmental Personnel Act (IPAs), administrative contracts, and requisitions that directly support programs. Support costs also include funding for Foundation-wide evaluation contracts and other related activities.

### Organizational Excellence by Appropriations Account (Dollars in Millions)

	FY 2004	FY 2005	FY 2006	Change over 2005	
	Actual	Current Plan	Request	Amount	Percent
Salaries and Expenses	218.92	223.20	269.00	45.80	20.5%
Office of Inspector General <sup>1</sup>	9.47	10.03	11.50	1.47	14.7%
National Science Board	2.22	3.97	4.00	0.03	0.8%
R&RA Appropriation	37.14	39.33	39.89	0.56	1.4%
EHR Appropriation <sup>2</sup>	11.39	13.26	11.36	-1.90	-14.3%
Subtotal, Program Support	48.53	52.59	51.25	-1.34	-2.5%
<b>Total</b>	<b>\$279.13</b>	<b>\$289.79</b>	<b>\$335.75</b>	<b>\$45.96</b>	<b>15.9%</b>

Totals may not add due to rounding.

<sup>1</sup> The FY 2006 request for the OIG includes \$1.1 million for the NSF financial statement audit, previously funded through NSF accounts. For more information, see the OIG appropriation summary.

<sup>2</sup> Excludes OE expenses for H-1B Nonimmigrant Petitioner Receipts.

More detailed information on the Program Support costs is shown in the table below. These funds are part of NSF's R&RA and EHR appropriations and account for roughly 15 percent of the total OE portfolio. The Program Support includes support for Intergovernmental Personnel Act (IPA)

appointments, travel funding for IPAs, and the costs of administrative activities directly related to program activities. Note that the overall decrease results from a \$1.90 million reduction in EHR's Program Support costs.

**Summary of IPA and Program Support**  
(Dollars in Millions)

	FY 2004	FY 2005	FY 2006	Change over 2005	
	Actual	Current Plan	Request	Amount	Percent
IPA Costs	28.01	31.00	32.00	1.00	3.2%
Program Related Administration	20.52	21.59	19.25	-2.34	-10.8%
<b>Total, Program Support Costs</b>	<b>\$48.53</b>	<b>\$52.59</b>	<b>\$51.25</b>	<b>-\$1.34</b>	<b>-2.5%</b>

**IPA Costs by Appropriations**  
(Dollars in Millions)

	FY 2004	FY 2005	FY 2006	Change over 2005	
	Actual	Current Plan	Request	Amount	Percent
<b>R&amp;RA</b>					
IPA Compensation	19.19	20.67	20.97	0.30	1.5%
IPA Lost Consultant & Per Diem	1.84	2.15	2.24	0.09	4.2%
IPA Travel	2.06	2.83	3.04	0.21	7.4%
<b>Subtotal, R&amp;RA Costs</b>	<b>\$23.09</b>	<b>\$25.65</b>	<b>\$26.25</b>	<b>\$0.60</b>	<b>2.3%</b>
<b>EHR</b>					
IPA Compensation	4.08	4.26	4.58	0.32	7.5%
IPA Lost Consultant & Per Diem	0.50	0.76	0.81	0.05	6.6%
IPA Travel	0.35	0.33	0.36	0.03	9.1%
<b>Subtotal, EHR Costs</b>	<b>4.92</b>	<b>5.35</b>	<b>5.75</b>	<b>\$0.40</b>	<b>7.5%</b>
<b>Total, IPA Costs</b>	<b>\$28.01</b>	<b>\$31.00</b>	<b>\$32.00</b>	<b>\$1.00</b>	<b>3.2%</b>

Totals may not add due to rounding.

**NSF Workforce**  
Full-Time Equivalents (FTE)

	FY 2005			Change over	
	FY 2004 Actual	Current Plan	FY 2006 Request	FY 2005 Amount	Percent
NSF FTE <sup>1</sup>	1,198	1,260	1,283	23	1.8%
Office of the Inspector General <sup>2</sup>	62	60	61	1	1.7%
National Science Board <sup>3</sup>	10	12	13	1	8.3%
Arctic Research Commission <sup>4</sup>	4	4	4	0	0.0%
<b>Total, Federal Employees</b>	<b>1,274</b>	<b>1,336</b>	<b>1,361</b>	<b>25</b>	<b>1.9%</b>
IPAs	148	170	170	0	0.0%
Detailees to NSF	6	6	6	0	0.0%
Contractors Performing Adm. Functions	210	210	210	0	0.0%
<b>Total, Workforce</b>	<b>1,638</b>	<b>1,722</b>	<b>1,747</b>	<b>25</b>	<b>1.5%</b>

<sup>1</sup>These NSF FTE totals include students. Details of FTEs funded through the S&E appropriation are available in the S&E section.

<sup>2</sup>The Office of Inspector General is described in a separate section of this Chapter and is funded through a separate appropriation.

<sup>3</sup>The National Science Board is described in a separate section of this Chapter and is funded through a separate appropriation.

<sup>4</sup>The Arctic Research Commission is described and funded in the Research and Related Activities section of the justification under Office of Polar Programs.

The staffing profile the table above shows that a small but significant percentage of the NSF workforce – 170 people or roughly 10 percent – consists of temporary employees hired through the authority provided by the Intergovernmental Personnel Act (IPA). A smaller number of visiting staff – roughly 40 people annually – are employed through NSF’s own Visiting, Scientist, Engineer, and Educator Program (VSEE).

The use of IPAs and VSEEs, commonly referred to as rotators, has been a defining characteristic of NSF since its inception in 1950. As is noted in the most recent NSF Strategic Plan:

“Over one half of NSF’s Program Officers are non-permanent employees, either “on loan” from their host institutions as visiting scientists, engineers, and educators (VSEEs) or employed through grants to the home institutions under the terms of the Intergovernmental Personnel Act (IPA). These employees are a unique set of human resources, providing NSF with increased flexibility, new ideas and fresh science and engineering perspectives.”

IPAs are considered federal employees for many purposes during their time at NSF, even though they remain employees of their home institutions. They are not paid directly by NSF and are not subject to federal pay benefits and limitations. NSF reimburses the home institution for the IPA’s salary and benefits using the traditional grant mechanism. IPAs are also eligible to receive *per diem*, relocation expenses, and reimbursement for any income foregone because of their assignment at NSF (i.e. lost consulting). VSEEs, by contrast, receive a salary directly from NSF (through the S&E appropriation), although they continue to receive benefits through their home institutions, which is reimbursed by NSF.

While at NSF, rotators function in a manner virtually identical to the Foundation’s permanent staff – leading the merit review process, overseeing awards, and shaping future program directions. To smooth their transition and help them appreciate their responsibilities at NSF, the NSF Academy leads a set of intensive training activities, including a three-day, off-site Program Management Seminar offered several times each year for new rotators and permanent staff.

The April 2004 report from the National Academy of Public Administration (NAPA), “National Science Foundation: Governance and Management for the Future,” reviewed the role of rotators at NSF. The NAPA report comments extensively on the value of temporary personnel to the NSF mission, and the excerpt below summarizes its major findings:

“NSF’s long-standing practice of engaging scientists, engineers, and educators from the scientific community as rotating members of the NSF’s staff is likely to serve the agency well as it faces the challenges of managing an increasing number of grant proposals effectively.”

### **Performance Highlights**

With the addition of OE to the NSF Strategic Plan in FY 2003, NSF for the first time conducted a comprehensive assessment of its OE activities in FY 2004 as part of its GPRA reporting activities. Further information on the OE assessment is available in the Performance Information chapter of this document and in the FY 2004 NSF Performance and Accountability Report (NSF-05-01).

NSF has established the following four indicators to assess its progress toward the OE goal:

- Operate a credible, efficient merit review system.
- Utilize and sustain broad access to new and emerging technologies for business application.
- Develop a diverse, capable, motivated staff that operates with efficiency and integrity.
- Develop and use performance assessment tools and measures to provide an environment of continuous improvement in NSF’s intellectual investments as well as its management effectiveness.

The OE assessment activities included input from the NSF Advisory Committee for GPRA Performance Assessment (AC/GPA) and the NSF Advisory Committee for Business and Operations (AC/B&O). NSF conducted a self-assessment for the second, third, and fourth indicators, which was then reviewed by the AC/B&O. The AC/GPA led the assessment of the merit review indicator.

The results of this assessment process were summarized as follows in the AC/GPA report:

*The AC/B&O supported NSF’s determination that the agency had demonstrated significant achievement for the three indicators it considered. The AC/B&O also made a number of comments to improve the approach, methodology and analysis for the assessment of performance in subsequent years. The letter and the revised assessment are found below. The OE subgroup of the AC/GPA reviewed the letter and the assessment and performed its own review of the merit review indicator. The results of this analysis were presented to the full AC/GPA for its consideration.*

*With regard to Merit Review, the OE subgroup reviewed data and information from the Report to the National Science Board on the Merit Review Process Fiscal Year 2003, supporting documentation provided by the NSF including a customer survey conducted by Booz, Allen, Hamilton, and the reports from a number of Committees of Visitors (COVs). We concluded that NSF had demonstrated significant achievement for this indicator. While the Merit Review Process will always, in our view, require vigilance and a commitment to continuous improvement, when taken as a whole and when one looks at the results as illustrated in the People, Ideas, and Tools portfolios, clearly, the process remains a major positive force in advancing the frontiers of science, mathematics, and engineering.*

**NATIONAL SCIENCE BOARD****\$4,000,000**

The National Science Foundation Appropriations Act of 2002 provided for a separate appropriation line item for the National Science Board (NSB, the Board) beginning in FY 2003. Accordingly, this FY 2006 NSB Budget Request identifies the resources needed to support the Board, including amounts for personnel compensation and benefits, authorized travel, employment of experts and consultants, and other appropriate expenses. The NSB Request is \$4.0 million, an increase of \$30,000 or 0.8 percent over the FY 2005 budget of \$3.97 million. The FY 2006 Budget Request will enable the NSB to fulfill its policy-making and oversight responsibilities for the NSF and provide advice to the President and the Congress on significant national policy issues in science and engineering (S&E) research and education.

**National Science Board Funding**  
(Dollars in Millions)

	FY 2005			Change over	
	FY 2004 Actual	Current Plan	FY 2006 Request	FY 2005 Amount	FY 2005 Percent
Personnel Compensation and Benefits	1.13	1.62	1.65	0.03	1.9%
Other Operating Expenses	1.09	2.35	2.35	-	0.0%
<b>Total</b>	<b>\$2.22</b>	<b>\$3.97</b>	<b>\$4.00</b>	<b>0.03</b>	<b>0.8%</b>
Full-Time Equivalent Employees	10	12	13	1	8.3%

Totals may not add due to rounding.

**Appropriation Language**

For necessary expenses (including payment of salaries, authorized travel, hire of passenger motor vehicles, the rental of conference rooms in the District of Columbia, and the employment of experts and consultants under section 3109 of title 5, United States Code) involved in carrying out section 4 of the National Science Foundation Act of 1950 (42 U.S.C. 1863) and Public Law 86-209 (42 U.S.C. 1880 et seq.), \$4,000,000: Provided, That not more than \$9,000 shall be available for official reception and representation expenses. (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2005.*)

**National Science Board**  
**FY 2006 Summary Statement**  
(Dollars in Millions)

Fiscal Year	Enacted/		Total Resources	Lapsed	Obligations
	Request	Rescission			Incurred/Estimated
FY 2004 Appropriation	\$3.90	-0.02	\$3.88	-1.66	\$2.22
FY 2005 Current Plan	\$4.00	-0.03	\$3.97	-	\$3.97
FY 2006 Request	\$4.00	-	\$4.00	-	\$4.00
\$ Change from FY 2005	-		\$0.03		\$0.03
% Change from FY 2005	0.0%		0.8%		0.8%

Totals may not add due to rounding.

### **Adjustments to Base**

Within the Office of the National Science Board FY 2004 appropriation a total unobligated balance of \$1.66 million lapsed, due to unexpected delays in NSB-sponsored activities and in hiring of NSB staff.

### **Background on the National Science Board**

As an independent Federal agency, NSF does not fall under any cabinet department; rather NSF's activities are guided by the NSB. The NSB was established by the Congress both to serve as an independent national science policy body, and to oversee and guide the activities of the NSF. It has dual responsibilities to: a) provide national science policy advice to the President and the Congress; and b) establish policies for the NSF. The NSB has 24 Members appointed by the President and confirmed by the Senate. NSB Members, who serve six-year terms in intermittent appointments, are drawn from industry and universities, and represent a variety of S&E disciplines and geographic areas. They are selected for their preeminence in research, education or public service. The NSF Director is also a full voting member (*ex officio*) of the Board.

In recent years, the NSB has met about six times a year to review and approve major NSF awards and new programs, oversee and provide policy direction to NSF, and deal with significant science and engineering related policy issues. It initiates and conducts studies and reports on a broad range of policy topics, and publishes occasional policy papers or statements on issues of importance to U.S. science and engineering. The Board analyzes NSF's budget to ensure progress and consistency along the strategic direction set for NSF and to ensure balance between initiatives and core programs. It also identifies issues that are critical to NSF's future, and approves NSF's strategic budget directions and the annual budget submission to the Office of Management and Budget (OMB).

### **National Science Board Activities**

Because it is required to establish the Foundation's policies within the framework of applicable national policies as set forth by the President and the Congress, the NSB supports the strategic Government Performance and Results Act (GPRA) goals of the Foundation, including those identified in the President's Management Agenda (PMA). The Board conducts continuous assessment of the quality, relevance and performance of the Foundation's award making, as called for in the Research and Development Investment Criteria of the PMA. The NSF Director's report on Merit Review is presented to the Board each year, allowing the NSB to monitor the quality and effectiveness of this keystone Foundation process. The Board has received reports from the chairs of the Foundation's Advisory Committee on GPRA Performance Assessment, and reviews and approves the summary results of the Foundation's annual GPRA performance goals and the updates of the NSF Strategic Plan.

The NSB issues policy guidance in the form of official statements and resolutions dealing with topics such as the Foundation's merit review criteria, cost sharing with universities, and funding and oversight of major research infrastructure projects. The Board is also responsible for direct review and approval of the largest Foundation awards, and is responsible for the review and approval of major research infrastructure projects at all stages of development, including budget planning, review of proposals and management effectiveness, and approval of awards.

Much of the work of the Board is accomplished in committees, which make recommendations to the full Board for approval. The standing Committee on Audit and Oversight oversees the operations of the Foundation's Office of Inspector General (OIG), as well as NSF compliance with new procedures for financial accountability and information technology security. The members of the Committee on

Programs and Plans (CPP) review proposals for major awards, the health of the Foundation's peer review system, and program performance and accountability. The Board monitors the critical infrastructure that supports research in Antarctica through the CPP Subcommittee on Polar Issues.

The Board established a Committee on Strategy and Budget (CSB) in 2001 to focus on strategic planning and budget initiatives for NSF. Review of the Foundation's Budget Request is also vested in CSB. The Committee on Education and Human Resources (EHR) focuses on Foundation activities in such priority areas as S&E workforce development, math and science education, and underrepresented populations and regions in S&E programs. The EHR Subcommittee on S&E Indicators manages the process for development and review of the Board's biennial statistical report, *S&E Indicators*.

During the last year, the Board has accomplished a great deal in terms of its mission to provide oversight and policy direction to the Foundation, including: reviewed and endorsed the OIG Semi-annual Reports to Congress and approved NSF management responses; approved the NSF FY 2006 Budget Request for transmittal to OMB; approved the Foundation's Merit Review Report; provided review and decisions on nine major awards or proposal funding requests; developed a broad set of recommendations for allocation of authorized increases in funding resources to the Foundation; and reprioritized NSB-approved but not-yet-funded Major Research Equipment and Facilities Construction (MREFC) account projects.

In terms of advice to the President and the Congress, the Board published the *S&E Workforce Report* (NSB-03-69); developed and delivered a budget expansion report in accordance with Section 22 of the NSF Act of 2002; prepared, approved and published the 2004 *S&E Indicators Report*; provided testimony to Congressional Hearings; interacted with the White House Office of Science and Technology Policy in meetings and forums on S&E issues; and responded to specific questions and inquiries from Senators and Representatives. Board meetings and deliberations have also become much more open in accord with the Government in the Sunshine Act, as directed by the NSF Act of 2002. The NSB initiated a major effort to increase and improve its outreach and communications with the Congress, other agencies, various interest groups and the outside S&E research and education community. During the past year the Board also initiated examinations of major issues related to the process by which MREFC proposals are developed, prioritized and funded; NSF policies for Long-lived Data Collections; and NSF policies for the identification, development and funding of transformative, innovative or high-risk research.

### **National Science Board FY 2006 Budget Request**

The Board's Budget Request for FY 2006 seeks resources to carry out its statutory authority and to strengthen the Board's oversight responsibilities for the Foundation. Enhanced Board responsibilities established in the NSF Authorization Act of 2002 and directed by Congressional Report language include: an expanding role in prioritizing and approving MREFC projects; new requirements for meetings open to the public; and responsibilities for reporting on the Foundation's budgetary and programmatic expansion, with specific focus on the projected impact on the science and technology (S&T) workforce, research infrastructure, size and duration of grants, and under-represented populations and regions.

Effective communications and interactions with our constituencies contribute to the Board's work of identifying priority S&T policy issues, and developing policy advice and recommendations to the President and Congress. To this end, the Board will increase communication and outreach with the university, industry and the broader S&E research and education community, Congress, Federal S&T agencies, and the public. These activities will support U.S. global leadership in discovery and innovation based on a continually expanding and evolving S&T enterprise in this country, and will ensure a principal role for NSF programs in providing a critical foundation for S&E research and education.

In FY 2006, the Board will, *inter alia*, expand its ongoing examinations of its role and responsibilities regarding the NSF's MREFC program as it finalizes the development and implementation of a new protocol for the process by which major research equipment and facilities proposals are developed, prioritized, and funded; NSF policies for Long-lived Data Collections; NSF policies regarding the identification, development and funding of transformative or high-risk research; and policies to ensure an adequate and diverse S&E workforce for the future. The Board will continue to review and approve NSF's actions for creating major NSF programs and funding large projects. Special attention will be paid to budget growth impacts on the S&T workforce, broadening participation in higher education, national S&T infrastructure, and the size and duration of NSF grants.

Essential to the conduct of Board business is a small and independent, yet adequate, core of full-time senior policy, clerical and operations staff, supplemented by short-term temporary contractual support as needed for various NSB endeavors. This core of NSB support is augmented by the Foundation as it continues to provide accounting, logistical and other necessary resources in support of the NSB and its missions, including continued Foundation support for Board activities through the cadre of Executive Secretaries to Board Committees and Task Forces.

By statute, the Board is authorized five professional positions and other clerical staff as necessary. In consultation with the Congress, the Board has defined these five professional positions as NSB senior S&E policy staff, and the clerical positions as NSB staff that support Board operations and related activities associated with the conduct of its meetings and oversight responsibilities. In August 2003, the NSB Chair charged the new NSB Executive Officer, who reports directly to the NSB Chair and also serves as the Director of the NSB Office (NSBO), with identifying options for broadening the NSBO staff capabilities to better support the broad mission of the NSB. The NSBO staff provides both the independent resources and capabilities for coordinating and implementing S&E policy analyses and development, and the operational support that are essential for the Board to fulfill its mission. The full impact of increasing the number of professional positions closer to the statutory level, along with necessary clerical and support staff, is expected to occur in FY 2006, with increased attention to addressing new skill requirements.

### Personnel Compensation and Benefits and General Operating Expenses

(Dollars in Thousands)

	FY 2004 Actual	FY 2005		Change over FY 2005	
		Current Plan	FY 2006 Request	Amount	Percent
<i>Personnel:</i>					
Personnel Compensation and Benefits	1,125	1,620	1,650	30	1.9%
<i>General Operations:</i>					
NSBO Staff Development and Training	5	25	30	5	20.0%
Advisory and Assistance Services	-	1,450	1,367	-83.00	-5.7%
Other Services	-	230	193	-37.00	-16.1%
Travel and Transportation of Persons	303	446	525	79	17.7%
Communications, Supplies and Equipment	-	190	220	30	15.8%
General Operating Expenses	776	-	-	-	0.0%
Representation Costs	8	9	15	6	66.7%
<b>TOTAL</b>	<b>\$2,217</b>	<b>\$3,970</b>	<b>\$4,000</b>	<b>30</b>	<b>0.8%</b>

Totals may not add due to rounding.

In addition to the NSBO's essential and independent resources and capabilities, external advisory and assistance services are especially critical to support production of NSB reports and supplement the NSB staff's general research and administration services to the Board. These external services provide the Board and its Office with the flexibility to respond independently, accurately and quickly to requests from Congress and the President, and to address issues raised by the Board itself.



**OFFICE OF INSPECTOR GENERAL****\$11,500,000**

The Appropriations Act that funds the National Science Foundation provides for a separate appropriation heading for NSF's Office of Inspector General (OIG). Accordingly, the FY 2006 Budget Request identifies the resources needed to support OIG, including amounts for personnel compensation and benefits, contract services, training, travel, supplies, materials, and equipment.

The FY 2006 Budget Request for OIG is \$11.5 million, which represents an increase of \$1.47 million over the FY 2005 Current Plan of \$10.03 million.

**Office of Inspector General Funding**

(Dollars in Millions)

	FY 2004 Actual	FY 2005	FY 2006 Request	Change over	
		Current Plan		FY 2005 Amount	FY 2005 Percent
Personnel Compensation & Benefits	\$7.30	\$7.49	\$7.73	\$0.24	3.2%
Other Operating Expenses <sup>1</sup>	2.17	2.54	3.77	1.23	48.4%
<b>Total</b>	<b>\$9.47</b>	<b>\$10.03</b>	<b>\$11.50</b>	<b>\$1.47</b>	<b>14.7%</b>
Full-Time Equivalent Employment	62	60	61	1	1.7%

Subtotals may not add due to rounding.

<sup>1</sup>Starting in FY 2006, the cost of the annual audit of NSF's financial statements is requested in this appropriation.

**Appropriation Language**

For necessary expenses of the Office of Inspector General as authorized by the Inspector General Act of 1978, as amended, ~~\$10,110,000~~ \$11,500,000, to remain available until September 30, ~~2006~~ 2007. (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2005.)

**Office of Inspector General  
FY 2006 Summary Statement**

(Dollars in Millions)

Fiscal Year	Enacted/ Request	Rescission	Carryover/ Recoveries	Total Resources	Obligations Incurred/Estimated
FY 2004 Appropriation	10.00	-0.06	0.75	10.69	9.47
FY 2005 Current Plan	10.11	-0.08	1.22	11.25	11.25
FY 2006 Request	11.50	-	-	11.50	11.50
\$ Change from FY 2005	1.39			0.25	
% Change from FY 2005	13.7%			2.2%	

Totals may not add due to rounding.

### **Explanation of Carryover**

Within the Office of Inspector General appropriation a total of \$1.22 million was carried forward into FY 2005 to cover priority audits that are contracted out; fund contracts for financial analysis and other technical support for OIG investigations; provide contract support for information technology and other administrative needs of the office; fund personnel compensation costs; and protect the appropriation against unanticipated variations between obligations and expenditures.

### **Adjustments to Base**

In FY 2006, \$1.10 million was moved from the R&RA and EHR appropriation base to the OIG account to cover the cost of the NSF's financial statements audit. The current five-year audit contract expires in FY 2005. While the cost of the new contract will not be known until it has been competed, it is expected to increase by 25-30 percent over current plan estimates.

<b><u>Financial Statements Audit</u></b>	FY 2004	FY 2005	FY 2006
	Actual	Current Plan	Request
R&RA	656,765	710,343	-
EHR	143,948	145,492	-
OIG	-	-	1,100,000
<b>Total</b>	<b>\$800,713</b>	<b>\$855,835</b>	<b>\$1,100,000</b>

Totals may not add due to rounding.

### **OIG Responsibilities**

In February 1989, the National Science Board established OIG pursuant to the Inspector General Act Amendments of 1988. The statute confers on OIG the responsibility and authority to:

- Conduct and supervise audits of NSF programs and operations, including organizations that receive NSF funding.
- Conduct investigations concerning NSF programs and operations, including organizations that receive NSF funding.
- Evaluate allegations of research misconduct, such as fabrication, falsification, or plagiarism, involving individuals who participate in NSF-funded activities.
- Provide leadership, coordination, and policy recommendations for:
  - Promoting economy, efficiency, and effectiveness in the administration of NSF programs and operations, and
  - Preventing and detecting fraud and abuse in NSF programs and operations.
- Issue semiannual reports to the National Science Board and Congress to keep them informed about problems, recommended corrective actions, and progress being made in improving the management and conduct of NSF programs.

As set forth in the OIG Strategic Plan, the primary functions of the Office are audits, reviews, and investigations. To provide the diverse skills, training, and experience necessary to oversee NSF's varied programs, the OIG staff includes scientists, attorneys, certified public accountants, investigators, evaluators, and information technology specialists. The focus of an investigation, audit, or other review may be on a single entity or individual, an organization, a project involving multiple disciplines, or a broad program or functional area.

OIG performs audits of grants, contracts, and cooperative agreements funded by the Foundation's programs. The Office also conducts audits and reviews of both internal agency programs and external organizations that receive NSF funding to ensure that financial, administrative, and programmatic activities are conducted economically, effectively, and in compliance with agency and federal requirements. OIG is also responsible for overseeing the audit of the Foundation's annual financial statements, which are required for all NSF accounts and activities by the Government Management Reform Act of 1994. The Office contracts with a public accounting firm to conduct the financial statements audit, and in the past the cost was allocated proportionately to the accounts audited. Beginning in FY 2006, funds to cover the complete cost of the financial audit are requested in this appropriation. OIG also audits financial, budgetary, and data processing systems used by NSF to develop the financial statements. In addition, the Office performs multi-disciplinary reviews – involving auditors, attorneys, management analysts, investigators, and others as needed – of financial, management, and program operations to identify broader problems and highlight best practices.

OIG investigates possible wrongdoing by organizations and individuals who submit proposals to, receive awards from, conduct business with, or work for the Foundation. The Office also investigates allegations of research misconduct, usually in close coordination with the awardee institutions. After assessing the validity and seriousness of a violation, OIG recommends proportionate action. The Office refers the results to the Department of Justice or other authorities for criminal prosecution or civil litigation, when appropriate. In other cases, OIG refers the matter to the Foundation for administrative resolution; if applicable, the Office also recommends changes in agency policies and procedures to correct problems that have been identified. OIG works closely with institutions on the conduct of their internal investigations and performs outreach activities aimed at preventing and detecting fraud, waste and abuse and at raising the awareness of funded researchers, institutional administrators, and agency employees about the OIG's role and NSF's rules and expectations.

**Personnel Compensation and Benefits and General Operating Expenses**

(Dollars in Thousands)

	FY 2005			Change over	
	FY 2004 Actual	Current Plan	FY 2006 Request	FY 2005 Amount	FY 2005 Percent
Personnel Compensation & Benefits	\$7,302	\$7,492	\$7,728	\$236	3.2%
Travel and Transportation of Persons	207	270	290	20	7.4%
Advisory and Assistance Services	1,550	1,888	3,082	1,194	63.2%
Other Services	70	60	60	0	0.0%
Communications, Supplies & Equipment	340	320	340	20	6.3%
	\$9,469	\$10,030	\$11,500	\$1,470	14.7%

Totals may not add due to rounding.

The OIG request for FY 2006 assumes a 2.3 percent increase for pay for civilian personnel, but most of the budget increase requested for the OIG will fund the annual audit of NSF's financial statements, which NSF program accounts had previously funded. These audit costs are reflected in the table as part of Advisory and Assistance Services. This audit is conducted by an independent contract auditor under OIG oversight. The contract for the audit will be re-competed in 2005, so its cost in 2006 is uncertain. While recent NSF audits have cost between \$600,000 and \$810,000, the audit under a new contract is expected to exceed \$1.0 million in FY 2006.

The Office's primary effort will continue to focus audit attention in five areas that pose the greatest challenge to the agency: (1) strategic management of NSF resources, including the agency's planning for future workforce needs and the need to strengthen its administrative capabilities (travel funds for monitoring large facilities and other awards, staff recruitment, appropriate use of rotators, office space, etc.); (2) improved financial performance, including the management of large infrastructure projects, a risk-based program for effective post-award monitoring, and appropriate oversight of awards that continue to have cost sharing; (3) expanded electronic government, including improved information security and effective operation of NSF's IT systems; (4) budget and performance integration, including improving the objectivity of the data collected for Government Performance and Results Act reporting, full disclosure of the limitations of more subjective performance reporting (such as the use of "nugget" success stories and Committees of Visitors assessments), and improved cost accounting, especially at the NSF program level; and (5) program-specific challenges in such areas as managing the U.S. Antarctic Program and broadening participation in the agency's merit review process. As NSF's financial exposure grows due to its continuing investment in large facilities and instrumentation and its efforts to make larger awards over longer periods of time, our audit coverage has expanded. Follow-up work in assessing progress in large research equipment projects will also be a priority.

The OIG will maintain its focus on specific issues that emerge concerning the management of NSF programs, procurement and acquisition, information technology, human capital, awardee financial accountability and compliance, and OMB Circular A-133 audits. We have made a strong commitment to improving the quality of audits conducted by CPA firms, and the increase in time and effort required to meet the higher standards is significantly raising the costs of contracted audits. In recent years, these audits have uncovered material issues concerning unallowable indirect costs, unfunded cost-sharing commitments, and records maintained by large school systems that are so inadequate they cannot even be audited. The OIG will phase in assessments of NSF actions resulting from the agency's multiyear business analysis contract and workforce plan, which are scheduled for completion in FY 2005. Finally, we will initiate an audit on international collaborations, which are an integral part of NSF's portfolio, with particular attention to the accountability and audit requirements of international partners.

As criminal, civil and administrative investigative cases have become more complex; we have increased our interaction with NSF, awardee administrators, and the Department of Justice to try to resolve them in the most effective and efficient manner. Today these cases normally require more staff time, specialized knowledge, and analytical skills, as well as more frequent contract support when special financial or other expertise is needed. We have developed and applied a process for identifying grant fraud indicators that may be found through audits and other reviews, enabling OIG to integrate investigative and audit work more effectively and take a more proactive approach. Our Office has also taken a leadership role in establishing a peer review process for investigative activities in Inspector General offices, which will enhance the quality of investigations throughout the IG community. At the requested funding level, the NSF OIG will continue to be the community leader for research misconduct and related investigative initiatives.

In recent years, OIG has made a concerted effort to educate NSF staff and the research communities about avoiding the kinds of problems that lead to investigations, unfavorable audit findings, or administrative corrective actions. The request level will enable us to commit a modest amount of staff time to OIG outreach programs that help NSF staff, awardee institutions, and researchers better understand system and grant management issues and the preventive or corrective measures that may need to be taken. Auditors, investigators, and other staff regularly participate in outreach activities, and as NSF programs increase in complexity and number, OIG has seen a commensurate increase in requests for information from universities and research institutions. The NSF OIG will continue to play a leadership role in convening international conferences and workshops that are well attended by NSF's counterparts in other countries, including their auditing and investigative components, to discuss common concerns.