



Report In Brief

U.S. Department of Commerce Office of Inspector General

May 2008



Why We Did This Review

In August 2006, Senator Tom Coburn-R, OK, then chairman of the Subcommittee on Federal Financial Management, Government Information, and International Security, requested the Office of Inspector General (OIG) to conduct an analysis of the Department's congressional earmarks for FY 2006. Senator Coburn requested that we determine (1) the total number and cost, of congressional earmarks; (2) what specific oversight is conducted on earmarks and how the oversight compares to that of other expenditures such as grants and contracts, and (3) the overall impact of earmarks on the primary mission and goals of the Department.

Background

We used three types of congressional budget actions tracked by the Department's budget office to identify earmarks: 1) actions that add funds to programs in the President's budget, 2) ones that provide funding for programs not contained in the President's budget, and 3) ones that limit the expenditure of funds contained in the President's budget.

To view the full report, visit www.oig.doc.gov/oig/reports/2008/DEN-19021.pdf

Office of the Secretary

Department of Commerce Review of Fiscal Year 2006 Congressional Earmarks (DEN-19021)

What We Found

Our findings corresponded to the Senator's request, as follows:

Commerce had 327 congressional earmarks totaling \$798.8 million in FY 2006. More than 90 percent of the number of earmarks in Commerce went to NOAA, which had 298 earmarks totaling \$594.5 million. Some \$638.6 million in FY 2006 earmarks (almost 80 percent) provided funding for projects not included in the President's budget. Out of that amount, \$459 million was for projects in NOAA. Within the National Institute of Standards and Technology (NIST), more than \$125 million of the \$139 million in funding was for construction grants for engineering or science projects at colleges, universities, and foundations. In departmental management, the largest earmark was a \$34 million NOAA cap to the Commerce working capital fund and another \$5 million in funding available only if Commerce certified within 2 months that telecommuting opportunities had increased over FY 2005.

Earmarked projects have the same oversight and compliance requirements as other projects. There is no special oversight for earmarked programs. Unlike competitive discretionary programs, earmarked grants are not submitted in response to a *Federal Register* announcement and bypass the competitive selection process of rating and ranking. Bureau officials stated with that exception, earmarked grants have to meet the usual Commerce requirements for nonearmarked grants: an application is required, Commerce standard terms and conditions and OMB circulars apply, financial and performance reports, compliance with the Code of Federal Regulations and a line item budget are required, and some receive occasional agency oversight visits.

Earmarked projects are consistent with Commerce mission and goals. Commerce bureau officials agreed that all of the FY 2006 earmarks are consistent with the Commerce and/or bureau mission and strategic goals. Our review of the nonstatistical sample of 32 earmarked grants found that all were consistent with the mission of the Department. We found that ITA, NIST, and NOAA earmark grants were consistent with each agency's strategic goal.

What We Recommended

We did not make recommendations because the purpose of this review was to conduct an independent analysis of the cost, oversight, and impact of congressional earmarks for FY 2006, which was the most recent fiscal year with available information. However, we provided bureau officials with an opportunity to review the report and provide informal comments prior to its release. Bureau officials generally agreed with our report.