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 Actual	FY 2005 Current Plan	FY 2006 Request	Change over 2005 Amount	Change over 2005 Percent
Salaries and Expenses	218.92	223.20	269.00	45.80	20.5%
Office of Inspector General[1]	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[2]	11.39	13.26	11.36	-1.90	-14.3%
Subtotal, Program Support	48.53	52.59	51.25	-1.34	-2.5%
Total	$279.13	$289.79	$335.75	$45.96	15.9%

Totals may not add due to rounding.

[1] 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.

[2] 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 Actual	FY 2005 Current Plan	FY 2006 Request	Change over 2005 Amount	Change over 2005 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%
Total, Program Support Costs	$48.53	$52.59	$51.25	-$1.34	-2.5%

IPA Costs by Appropriations
(Dollars in Millions)

	FY 2004 Actual	FY 2005 Current Plan	FY 2006 Request	Change over 2005 Amount	Change over 2005 Percent
R&RA					
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%
Subtotal, R&RA Costs	$23.09	$25.65	$26.25	$0.60	2.3%
EHR					
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%
Subtotal, EHR Costs	4.92	5.35	5.75	$0.40	7.5%
Total, IPA Costs	$28.01	$31.00	$32.00	$1.00	3.2%

Totals may not add due to rounding.

NSF Workforce
Full-Time Equivalents (FTE)

	FY 2004 Actual	FY 2005 Current Plan	FY 2006 Request	Change over FY 2005 Amount	Change over FY 2005 Percent
NSF FTE[1]	1,198	1,260	1,283	23	1.8%
Office of the Inspector General[2]	62	60	61	1	1.7%
National Science Board[3]	10	12	13	1	8.3%
Arctic Research Commission[4]	4	4	4	0	0.0%
Total, Federal Employees	1,274	1,336	1,361	25	1.9%
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%
Total, Workforce	1,638	1,722	1,747	25	1.5%

[1]These NSF FTE totals include students. Details of FTEs funded through the S&E appropriation are available in the S&E section.

[2]The Office of Inspector General is described in a separate section of this Chapter and is funded through a separate appropriation.

[3]The National Science Board is described in a separate section of this Chapter and is funded through a separate appropriation.

[4]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.*