

GAO

Report to the Committee on Science,
House of Representatives

March 1998

NATIONAL WEATHER SERVICE

Events Surrounding Fiscal Year 1997 Budget



Accounting and Information
Management Division

B-277958

March 4, 1998

The Honorable F. James Sensenbrenner, Jr.
Chairman
The Honorable George E. Brown, Jr.
Ranking Minority Member
Committee on Science
House of Representatives

This report responds to your request that we review key events related to the fiscal year 1997 budget “shortfall” of the National Weather Service (NWS), a component of the National Oceanic and Atmospheric Administration (NOAA) within the Department of Commerce. Although NWS was able to operate within its appropriated level in fiscal year 1997, it had to operate with a smaller budget than 1996 and absorb increased costs. NWS referred to this difference in available funds as a budget “shortfall.” The objectives of our review, based on subsequent discussions with your offices, were to (1) describe the formulation and execution of the NWS fiscal year 1997 budget and (2) identify key events regarding NWS’ fiscal year 1997 budget “shortfall” and efforts to address it. We did not assess the impact of NWS’ reduced budget on NWS’ ability to meet its mission effectively.

Results in Brief

Based on guidance provided by the department and the Office of Management and Budget (OMB), NOAA prepared a fiscal year 1997 budget proposal for each of its components—including NWS. The Department of Commerce reviewed this proposal and asked OMB to include \$693 million for NWS in the President’s budget. Based on OMB’s direction regarding NOAA-wide and NWS-specific reductions, this request was revised to the \$671 million that appeared in the President’s budget submission to the Congress. The Congress further reduced this amount, enacting appropriations that included \$638 million in fiscal year 1997.

Although NWS believed it had a budget “shortfall” because of the reductions that OMB and the Congress made to its fiscal 1997 budget request, as well as inflationary and other cost increases, NOAA and NWS reported varying amounts to the Congress about the size of this “shortfall.” Consequently, some Members of Congress were confused by the varying amounts of the reported “shortfall.” According to NOAA and NWS officials, the information provided to the Congress responded to specific questions asked at particular points in time and did not necessarily include all known

elements of the “shortfall.” NWS ultimately succeeded in staying within its fiscal year 1997 budget level by implementing a number of temporary and permanent actions.

Other events associated with the “shortfall” raised concerns among department officials and the Congress. The first event centered on an NWS reprogramming request to NOAA and NWS’ intention to start filling critical field vacancies prior to receiving NOAA authorization. NWS assumed that the reprogramming request would be approved by Commerce and funds would be available to fill these vacancies. NOAA, however, informed NWS that the vacancies could not be filled because the reprogramming request had not yet been approved.

The second event involved NWS’ effort to obtain certification approval from NOAA to consolidate, automate, and/or close weather service offices. Upon learning that NWS would not be able to fill critical field vacancies, NWS recommended to NOAA that selected certification packages be held back because, according to NWS, this would have resulted in a degradation of weather services at certain locations. NWS had assumed that these vacancies would be filled when the certification packages were forwarded to NOAA for approval. However, in commenting on a draft of this report, the Department of Commerce noted that the certification packages, as submitted by NWS on April 22, 1997, did not indicate that there were vacancies in these offices that would preclude proceeding with certification. Likewise, no link was made during this time between the ability to proceed with certification and the need for reprogramming approval by the Congress. NOAA subsequently did not take action on any of the certification packages NWS sent to it in 1997.

Background

The primary mission of NWS is to help protect life and property by providing weather and flood warnings, public forecasts, and advisories for all of the United States, adjacent waters, and ocean areas. NWS operations also support other agencies’ missions and the nation’s commercial interests. For example, NWS provides weather forecasts and warnings to support aviation and marine safety.

To fulfill its mission, NWS uses a variety of systems and manual processes in collecting, processing, and disseminating weather data to and among its network of field offices and regional and national centers. Many of these systems and processes are outdated. NWS began a nationwide modernization program in the 1980s to upgrade observing systems, such as

satellites and radars, and design and develop advanced computer workstations for weather forecasters. The goals of the modernization are to achieve more uniform weather services across the nation, improve forecasts, provide better detection and prediction of severe weather and flooding, permit more cost-effective operations through staff and office reductions, and achieve higher productivity.

In conjunction with its modernization, NWS plans to restructure its field offices, reducing their number from 256 to 119. However, delays in implementing the Advanced Weather Interactive Processing System have slowed progress in office restructuring. NWS now expects the modernization to be completed before the end of fiscal year 1999.

In the past, we and others have identified several weaknesses in NWS' actions to modernize its operations and manage its information technology resources. In February 1995, we designated the NWS modernization as an area of high risk due to its cost, complexity, past problems, and criticality to the NWS mission.¹ Because of continuing concerns over cost increases and schedule delays associated with the modernization, it remains in the high-risk category today.²

NOAA has also been plagued by financial management problems. For example, Commerce's Office of the Inspector General noted in February 1997 that NOAA could not provide all the financial information required by the Chief Financial Officers Act of 1990, as expanded by the Government Management Reform Act of 1994, or ensure the accuracy of certain components of financial information in its consolidated financial statements. The independent certified public accounting firm auditing NOAA's fiscal year 1996 financial statements was unable to express an opinion on these statements due to inadequacies in NOAA's accounting records and internal controls. The auditors identified 11 material weaknesses in NOAA's internal controls, including budgetary execution transactions that were not supported or reconciled. The auditors recommended that NOAA focus on communicating the importance of financial management and fiscal responsibility to its program offices.

Scope and Methodology

To describe key events related to the formulation and execution of NWS' fiscal year 1997 budget, we examined guidance developed by OMB, including the communication of budget requests and apportionments, as

¹High-Risk Series: Overview (GAO/HR-95-1, February 1995).

²High-Risk Series: Information Management and Technology (GAO/HR-97-9, February 1997).

well as congressional guidance provided in appropriation acts and accompanying congressional committee reports on the execution of NWS' budget. We also obtained and reviewed relevant budget documents for NWS, including its budget request and its requests for the reprogramming of funds.

To identify key events regarding NWS' fiscal year 1997 budget "shortfall" and efforts to address it, we examined records of communication among NWS, NOAA, and Commerce, as well as communications to the Congress. This included memoranda, briefings, electronic messages, and statements to the Congress.

We interviewed Commerce, NOAA, and NWS budget and program officials to identify key events related to the NWS budget for fiscal year 1997. We also examined relevant reports, such as An Assessment of the Fiscal Requirements to Operate the Modernized National Weather Service During Fiscal Years 1998 and 1999.³ We also reviewed the audit report prepared by the Department of Commerce's Office of Inspector General and an independent certified public accounting firm on NOAA's fiscal year 1996 financial statements, dated February 26, 1997.⁴

We performed our work at NOAA headquarters in Washington, D.C., and at NWS headquarters in Silver Spring, Maryland, from July 1997 through January 1998. Our work was performed in accordance with generally accepted government auditing standards. We requested comments on a draft of this report from the Secretary of Commerce or his designee. The Secretary provided written comments, which are discussed in the "Agency Comments" section and are reprinted in appendix I.

NOAA's Budget Formulation and Execution Process

In developing their internal budget preparation instructions and formulating budget requests, executive agencies follow guidance contained in OMB Circular A-11, Preparation and Submission of Budget Estimates. This circular provides detailed guidance on the form and content of budget requests and the basis for making budget estimates. At NOAA, this guidance is supplemented by a budget handbook that reinforces many of the circular's principles.

³Brigadier General (Retired) John J. Kelly, Jr., October 14, 1997.

⁴National Oceanic and Atmospheric Administration: Financial Statements, Fiscal Year 1996 (Audit Report No. FSC-8841-7-0001, February 26, 1997).

According to the NOAA handbook, the NOAA Comptroller with input from the NOAA components—the National Weather Service; National Ocean Service; National Marine Fisheries Service; Oceanic and Atmospheric Research; and National Environmental Satellite, Data, and Information Service—prepares a draft budget request for departmental review and approval. NOAA’s fiscal year 1997 budget request contained several appropriation accounts, including operations, research and facilities; construction; and fleet modernization, shipbuilding and conversion. The operations, research and facilities account, the largest appropriation, includes separate estimates for each of NOAA’s components and provides the majority of their funding. This account contains no-year funding authority—that is, its appropriation remains available for obligation for an indefinite period of time. There is no appropriation account specific to NWS.

Table 1 provides a snapshot of the development of the NWS fiscal year 1997 budget. This process began when the department submitted a fiscal year 1997 budget request of nearly \$2 billion to OMB for NOAA operations, research, and facilities, including a request of \$693 million for NWS.

Table 1: Development of NWS’ Fiscal Year 1997 Budget

Dollars of budget authority in millions

Organization	Request to OMB	OMB passback ^a cut	Request in President’s budget	Congressional reductions	Fiscal year 1997 appropriations
NOAA	\$1,988.0	\$16.8	\$1971.2	\$117.1	\$1854.1
NWS	\$693.0	\$22.3	\$670.7	\$32.7	\$638.0
— operations	\$494.0	\$22.3	\$471.7	\$10.9 ^b	\$460.8
— systems	\$199.0	\$0	\$199.0	\$21.8	\$177.2

Note: Dollar amounts for NOAA and NWS refer only to NOAA’s operations, research, and facilities appropriation. This appropriation contains the majority of NWS’ funding.

^aAmounts in this column represent the cumulative result of the passback process and include spending increases for some items and spending reductions for others. Although NOAA’s passback amount includes NWS’ passback, its cumulative reduction is smaller overall than NWS’ total passback amount because increases and reductions for NOAA’s other components are also included.

^bNWS included \$10.5 million of this reduction as part of its budget “shortfall” and reported to the Congress in February 1997 on how it would address this reduction.

Sources: NOAA’s fiscal year 1997 budget request, congressional committee report accompanying NOAA’s fiscal year 1997 appropriations, and internal NWS documents.

OMB reviews each department and agency budget request based on presidential priorities and other factors and makes an initial proposal on how resources will be allocated. Departments and agencies are notified of OMB's initial resource allocation decisions about 2 months after making their initial budget submissions. This notification is commonly referred to as a "passback." Agencies may appeal their passbacks.

The OMB passback to the Department of Commerce resulted in overall reductions for NOAA as well as a specific reduction of about \$22 million for NWS' portion of NOAA's operations, research, and facilities request. As required by OMB Circular A-11, NOAA revised its budget request to bring it into accord with these decisions. Both OMB and NOAA budget preparation guidance instruct staff to support the ultimate request in the President's budget. In response to the passback, NWS revised its fiscal year 1997 budget to about \$671 million, the amount contained in the President's budget request to the Congress.

The final step in the budget formulation process is congressional review of the agency's budget and the enactment of appropriations. After holding hearings and deliberating on NOAA's budget request, the Congress reduced the amount for NOAA's operations, research, and facilities request by about \$117 million and specified that NWS absorb about \$33 million⁵ of the cut, resulting in a fiscal year 1997 budget for NWS of \$638 million.

After an agency's appropriation is enacted, the agency receives an apportionment⁶ from OMB. Apportionment and subsequent allotments⁷ within the agency are established, often by calendar quarter and by program or major activity, to prevent obligations in a manner or at a pace that would result in the agency exceeding appropriated levels.

As an agency executes its budget, it may feel changes from planned spending levels are needed. To allow for efficient and effective execution of agency budgets while still maintaining appropriate oversight of executive actions, the Congress has provided reprogramming guidelines

⁵Of the \$33 million cut, \$10.5 million was based on a recommendation in a report by the Department of Commerce's Office of Inspector General (National Weather Service Should Streamline Its Headquarters and Support Operations, Audit Report No. NOA-6979-6-0001, February 29, 1996) to eliminate nonessential NWS headquarters functions and positions.

⁶The action by which OMB distributes amounts available for obligation, including budgetary reserves established pursuant to law, in an appropriation or fund account.

⁷An authorization by either the agency head or another authorized employee to incur obligations within a specified amount. The amount allotted by an agency cannot exceed the amount apportioned by OMB.

that define when changes from planned spending levels require congressional notification. Reprogramming is the shifting of funds within an appropriation for purposes other than those contemplated at the time of appropriation. For example, to help address its budget “shortfall,” NWS requested a \$7.9 million reprogramming of NOAA funds in April 1997.

There are no governmentwide reprogramming guidelines; guidance varies among appropriation subcommittees. For example, the annual Commerce, Justice, State, the Judiciary and Related Agencies Appropriations Act typically provides that no funds are available for a reprogramming which results in, among other things, the creation of a new program; elimination of a program, project, or activity; or relocation of an office or employees unless the Appropriations Committees of both Houses of Congress are notified 15 days in advance of the reprogramming.⁸

Appendix II contains a chronology describing the key events related to the formulation and execution of the NWS fiscal year 1997 budget.

Key Events Associated With NWS’ Budget “Shortfall” and Efforts to Address It

Due to the reductions that OMB and, subsequently, the Congress made to NWS’ fiscal year 1997 budget request, as well as inflation and other cost increases, NWS believed it had a budget “shortfall.” NWS officials felt that NWS’ fiscal year 1997 budget was not sufficient to provide desired levels of services. NWS appeared to define its “shortfall” generally as the gap between its final 1997 budget (less a one-time program increase of \$14 million for modernization and associated restructuring demonstration and implementation) and its 1996 budget adjusted for inflationary and other increased costs, such as pay raises.

Varying Amounts of Budget “Shortfall” Were Reported to the Congress

NOAA and NWS reported varying amounts to the Congress about the size of NWS’ estimated budget “shortfall.”⁹ For example, after receiving its fiscal year 1997 appropriations, NOAA and NWS officials noted spending reductions of \$27.5 million in a February 14, 1997, briefing to congressional staff. Two months later, in an April 4, 1997, briefing to congressional staff, NOAA noted spending reductions of \$42.2 million. By May 1997, the reported “shortfall” had increased to \$47.4 million. Table 2 shows the varying estimates of “shortfall” reported to the Congress and the changing components associated with each estimate.

⁸Public Law 104-208, § 605(a), 110 Stat. 3009, 3009-64 (1996).

⁹The budget “shortfall” estimate relates to NWS’ operations only.

Table 2: Budget “Shortfall” Amounts Reported to the Congress

Element	February 1997 briefing	April 1997 briefing	May 1997 testimony
Proposed reductions arising from			
—streamlining the certification procedures for closing weather offices	\$7.4	\$7.4 ^a	\$7.4
—personnel and administrative streamlining reductions	7.0	7.0 ^a	7.0
—privatization of specialized weather services	2.6	2.6 ^a	2.6
Congressional reduction to NWS’ base operations budget ^b	10.5	10.5 ^a	10.5
Inflation increases for salaries and other expenses		9.7	9.7
Increase in NWS’ contribution for NOAA-wide support services			5.9
Costs associated with personnel separations		5.0	5.0
Reprogramming of funds to restore proposed cuts to the National Centers for Environmental Prediction			(0.7)
Total	\$27.5^c	\$42.2	\$47.4^d

^aIn the April 1997 briefing, NOAA and NWS presented these “shortfall” amounts as part of the \$27.5 million reduction in base operations.

^bThe conference committee report accompanying NWS’ appropriations bill specified that NWS should apply the reduction to the operations and staffing levels in NWS central headquarters activities in the national capital area. According to the Department of Commerce, there were also staffing reductions in centralized operations activities located in the national capital area.

^cThe briefing stated that this \$27.5 million figure represents the difference between NWS’ fiscal year 1996 appropriations and the fiscal year 1997 base operations budget.

^dThe Assistant Administrator for Weather Services testified that this figure represented NWS’ fiscal year 1997 total budget “shortfall.”

Sources: February 14, 1997, and April 4, 1997, briefings to House and Senate Appropriations Subcommittees and May 15, 1997, testimony before the Subcommittee on Science, Technology and Space, Senate Committee on Commerce, Science, and Transportation.

In a May 15, 1997, hearing before the Subcommittee on Science, Space and Technology, Senate Committee on Commerce, Science and Transportation, some Members of Congress indicated that they were confused by the varying amounts of reported budget “shortfall.” According to NOAA and NWS officials, the varying amounts provided to the Congress responded to specific questions asked at particular points in time and did not necessarily include all known elements of the “shortfall.” For example, although a January 3, 1997, NWS memorandum to NOAA mentioned the

withholding of inflationary increases and a March 18, 1997, NWS memorandum to NOAA mentioned the increased NWS contribution for NOAA-wide support services, these elements of the “shortfall” were not provided to the Congress in the February 1997 and April 1997 briefings, respectively.

**A Variety of Measures
Were Planned to
Address the
“Shortfall”**

To address its budget “shortfall,” NWS planned a number of measures, both temporary and permanent. Table 3 describes a set of planned actions to address the “shortfall” reported in May 1997.

Table 3: Planned Actions to Address Budget “Shortfall” as of May 7, 1997

Dollars in millions		
Action	Amount	Subtotal
Permanent reductions in the national capital area		
Subtotal		\$10.5
Agencywide permanent and one-time reductions		
Accelerate transition program staffing activities	\$7.3	
Accelerate transition program office close-outs	4.7	
Consolidate mainland regions-southern region	1.1	
Other	2.4 ^a	
Subtotal		15.5
Temporary reductions not sustainable through fiscal year 1998		
Reduce centralized logistics quantities	2.2	
Reduce operational supplies and stock levels	1.3	
Defer maintenance for central communications network	1.0	
Reduce field staff training	1.0	
Freeze operational equipment replacement	1.0	
Subtotal		6.5
Other actions taken to fund inflationary costs		
Deobligate prior-year PCS ^b costs (one-time)	4.2	
Reduce regions and NCEP ^c across the board (temporary)	3.3	
Other	2.2 ^c	
Subtotal		9.7
Other one-time and temporary actions taken to offset additional NOAA withholdings		
Reduce all organizations across the board	3.9	
Deobligate prior-year PCS costs	2.0	
Subtotal		5.9
Reprogramming offsets and associated permanent costs		(.7)
Total Reductions		\$47.4

^aThis amount was rounded upward.

^bPermanent change of station

^cNational Centers for Environmental Prediction

Source: National Weather Service

NWS ultimately succeeded in staying within its fiscal year 1997 budget level by implementing a number of actions. According to a December 1997 NWS

analysis, NWS reduced (1) contracts and services by \$15.2 million, (2) rent, communications, and utilities by \$9.4 million, (3) salaries and benefits by \$4.4 million, (4) employee relocations by \$3.6 million, and (5) travel by \$3 million. It also deobligated¹⁰ prior year funds, primarily permanent change of station costs, by \$6.6 million. In commenting on a draft of this report, the Department of Commerce stated that NWS did not fill field office operational vacancies as they occurred throughout fiscal year 1997. This was done to enable NWS to place employees in available positions, thereby mitigating the negative impact of a planned major reduction-in-force. It further stated, however, that the longer these operational vacancies remained unfilled, the more critical the need to fill the positions became. As we will discuss in the next section, NWS also received congressional concurrence on a reprogramming request to NOAA, giving NWS \$5.4 million¹¹ that enabled it to restore funding to maintain its operational equipment and fund some personnel separation costs.

Reprogramming Request and Certification Process Contributed to Confusion on “Shortfall”

Two key events to address the NWS budget “shortfall” appeared to cause confusion among department officials. The first event centers on an NWS reprogramming request to NOAA. According to an April 18, 1997, NWS schedule, NWS requested a reprogramming of \$7.9 million¹² to address its “shortfall.” This request was forwarded to the Department’s Acting Chief Financial Officer by the NOAA Under Secretary on May 29, 1997.

Our review of e-mail correspondence between the Counselor to the NOAA Under Secretary and an NWS Budget Analyst showed that there were several inquiries made about the status of the reprogramming request between May 6, 1997 to June 6, 1997, but there was no official communication that the request had been approved. However, the NWS Deputy Assistant Administrator for Operations assumed that the reprogramming request would be approved by Commerce and that funds were available to hire personnel to fill vacancies in the field that had been deferred because of the “shortfall.” This official told NOAA officials on June 13, 1997, that NWS intended to start filling critical field vacancies.

¹⁰Deobligation is an agency’s cancellation or downward adjustment of a previously recorded obligation.

¹¹The \$5.4 million involved reprogramming \$3.6 million from NOAA’s National Environmental Satellite, Data, and Information Service satellite programs, and \$1.8 million from NOAA’s Economic Development Revolving Fund.

¹²Of the \$7.9 million reprogramming request, \$4.3 million was to pay for the one-time cost associated with personnel reductions, \$3.1 million for maintenance of operational equipment, and \$0.5 million for training.

On June 16, 1997, the NOAA Deputy Under Secretary informed the NWS Deputy Assistant Administrator for Operations that NWS could not fill the vacancies because it had a “deficit on the books.” This was primarily because the reprogramming request had not yet been approved, which meant that funds NWS believed were available for new hires would need to be retained to pay for possible personnel separations. Indeed, the department’s Acting Chief Financial Officer did not notify the Congress of the reprogramming request until July 3, 1997, nearly 3 months after the original request. By this time, the request for \$7.9 million had been revised to \$5.4 million¹³ because the department, based on input from NWS, determined that less money was needed to address personnel reductions associated with the streamlining of NWS. The Subcommittee on the Departments of Commerce, Justice, and State, the Judiciary and Related Agencies, House Committee on Appropriations, informed the department on July 16, 1997, that it had no objections to the reprogramming proposal.

The second event involves NWS’ effort to obtain certification approval from NOAA to consolidate, automate, and/or close weather service offices. On April 22, 1997, 4 days after NWS submitted the reprogramming request for \$7.9 million, NWS forwarded 83 certification packages to the NOAA Under Secretary for approval. Section 706(b) of Public Law 102-567 specifies that the Secretary of Commerce must certify that consolidating, automating, and/or closing of field offices will not result in any degradation of service to the affected service areas. The NWS Deputy Assistant Administrator for Modernization told us that he briefed the Secretary of Commerce on this certification process on June 10, 1997.

Upon learning that NWS would not be able to fill vacancies in the field because the aforementioned reprogramming request had not yet been approved, the NWS Deputy Assistant Administrator for Modernization recommended to the NOAA Deputy Under Secretary on June 20, 1997, that 27 of the 83 certification packages be held back. This was because the packages included about 27 affected areas whose responsible weather field offices contained vacancies. The NWS Deputy Assistant Administrator for Modernization stated that the vacancies, if left unfilled, would result in a degradation of services for the area served by that weather field office. The NWS Deputy Assistant Administrator for Modernization told us that he had assumed all along that these vacancies would be filled when the

¹³Of the \$5.4 million reprogramming request, \$3.6 million was to pay for deferred maintenance of operational equipment, \$1.6 million for the one-time costs associated with personnel reductions, and \$0.2 million to maintain the current staffing level (approximately 45 positions) at NWS’ southern regional headquarters.

certification packages were forwarded to the NOAA Under Secretary for approval.

Subsequent to the NWS Deputy Assistant Administrator for Modernization's recommendation, the NOAA Under Secretary did not take action on the 83 certification packages sent to him in 1997. The NWS Deputy Assistant Administrator for Modernization told us that NWS plans to forward about 80 certification packages for consolidation, automation, and/or closure of offices in 1998.

Additional Developments Relating to the "Shortfall"

Only 5 days after the NWS Deputy Assistant Administrator for Modernization recommended that the 27 certification packages be held back, the NOAA Under Secretary announced on June 25, 1997, the reassignment of the Assistant Administrator for Weather Services. The NOAA Under Secretary claimed that NOAA had been receiving conflicting information from NWS on how it would provide essential weather services while recognizing that the public expects government agencies to reduce their costs. At the same time, the Under Secretary announced his intention to appoint an outside Special Advisor on Weather Services to conduct a rigorous evaluation of the NWS budget and operations.

According to the Special Advisor's subsequent October 14, 1997, report to the Secretary of Commerce,¹⁴ Commerce and NOAA financial management information systems, coupled with NWS' complex budget structure, budget formulation/execution policies and management processes, limit visibility of operational and overhead costs and the traceability of these costs to products and services. The Secretary of Commerce later announced on October 23, 1997, that he plans to hire a chief financial officer for NWS to address the need for management and budget reforms. NOAA's Chief of Audit and Internal Control told us that the department is currently reviewing the position description for the NWS Chief Financial Officer and intends to advertise for it soon.

Lastly, the Special Advisor felt that the fiscal year 1998 proposed budget and the 1999 department submission to OMB contained inadequate base funding. He recommended to the Secretary that the fiscal year 1998 budget for NWS be \$680 million to provide essential public services and complete

¹⁴See footnote 3.

modernization activities.¹⁵ The Congress enacted appropriations that provided about \$668 million in November 1997.¹⁶

Agency Comments

In commenting on a draft of this report, the Department of Commerce stated that the report accurately reflected the events surrounding the fiscal year 1997 budget and acknowledged that we had conducted thorough work in researching and documenting the complex events and issues included in the report. For additional clarity in the report, the department provided several technical comments and changes that have been incorporated into the report as appropriate.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 15 days from the date of the report. At that time, we will send copies to the Chairmen and Ranking Minority Members of the Senate Committee on Commerce, Science, and Transportation; the Senate and House Committees on Appropriations; the Senate Committee on Governmental Affairs; and the House Committee on Government Reform and Oversight; and the Director, Office of Management and Budget. We will also send copies to the Secretary of Commerce and to the Administrator of the National Oceanic and Atmospheric Administration. Copies will also be made available to other parties upon request.

Please contact me at (202) 512-6253, or by e-mail at willemsenj.aimd@gao.gov, if you have any questions concerning this report. Major contributors to this report are listed in appendix III.



Joel C. Willemsen
Director, Civil Agencies Information Systems

¹⁵Of the \$680 million, \$473 million would be for base operations and modernization and associated restructuring demonstration and implementation, and \$207 million, for systems acquisition and construction.

¹⁶This appropriation includes about \$520 million for NWS operations, research, and facilities, and about \$148 million for NWS capital asset acquisition.

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Abbreviations

NOAA	National Oceanic and Atmospheric Administration
NWS	National Weather Service
OMB	Office of Management and Budget

Comments From the Department of Commerce



THE SECRETARY OF COMMERCE
Washington, D.C. 20230

FEB 20 1998

Mr. Gene L. Dodaro
Assistant Comptroller General
Accounting and Information Management Division
United States General Accounting Office
Washington, D.C. 20548

Dear Mr. Dodaro:

Enclosed is a copy of the Department of Commerce's comments on the General Accounting Office's draft report entitled, "National Weather Service: Events Surrounding Fiscal Year 1997 Budget". As denoted, for additional clarity, three technical comments are provided, plus a correction to the table on page 14.

We believe the draft report accurately reflects the events surrounding the fiscal year 1997 budget, and we would like to acknowledge the thorough work conducted by the General Accounting Office in researching and documenting the complex events and issues included in this comprehensive report.

These comments were prepared in accordance with the Office of Management and Budget Circular A-50.

Sincerely,

A handwritten signature in black ink, which appears to read "William M. Daley", is positioned above the printed name.

William M. Daley

Enclosure

Comments on GAO Draft Report GAO/AIMD-98-69

General Comments - Throughout the document titles of NOAA officials are not capitalized.

Page 3 - Second Paragraph - For accuracy and further clarification, and to provide important background information about the relationship between unfilled vacancies and the certification packages, please insert the following after "...NWS has assumed that these vacancies would be filled when the certification packages were forwarded to NOAA for approval."

However, the certification packages, as submitted by the NWS on April 22, 1997, did not indicate that there were vacancies in these offices which would preclude proceeding with certification nor was a link made at that time between the ability to proceed with the certification process and the need for reprogramming approval by Congress.

Page 14 - The Table entitled "Figure 2: Budget "Shortfall" Amounts Reported to the Congress is slightly in error. The February 1997 Briefing column should include an entry of \$5.0 million within the element entitled, "Costs associated with personnel separations," making the new column \$32.5 million. The NWS did in fact include personnel separation costs in the February briefing to Congress. Specifically, the costs were listed on page 9 of the NWS February briefing in the table entitled "Planned Program Actions for Addressing The FY 1997 Change in Funding Available." The entry was listed as a \$5.0 million offset entitled "FY 1997 Projected Buyout/RIF Costs."

Page 14 - Footnote "a" - For accuracy and clarity, the reductions in staffing taken in the national capital area included not only reductions in NWS central headquarters activities, but included some staff reductions in centralized operations activities that are also located in the national capital area.

Page 18 - Top of the page - For further clarification, and to provide important background information about the critical unfilled vacancies addressed in pages 19-21, please insert the following sentences after "...permanent change of station costs by \$6.6 million."

In addition, the NWS held field office operational vacancies as they occurred throughout fiscal year 1997 for the purpose of using those vacancies to place employees, mitigating the negative impacts of a planned major reduction-in-force. The length of time these operational position vacancies remained unfilled increased the critical need to fill the positions.

The following are GAO's comments on the Department of Commerce's letter dated February 20, 1998.

GAO's Comments

1. Report has been modified to reflect agency comments.
2. The Department of Commerce noted that the \$27.5 million figure should include \$5 million in personnel separation costs, which would bring the total to \$32.5 million. We did not change the table because the \$32.5 million figure is not contained in the February 1997 briefing.

Chronology of Key Events Related to the Formulation and Execution of the NWS Fiscal Year 1997 Budget

Date	Description
11/95	Department of Commerce's fiscal year 1997 budget request submitted to OMB included \$2 billion for NOAA's operations, research, and facilities which included \$693 million for NWS.
11/95-1/96	OMB passback and subsequent discussions resulted in reductions of \$16.8 and \$22.3 million to NOAA and NWS budgets, respectively.
2/5/96	President's budget for fiscal year 1997 submitted to Congress included about \$2 billion request for NOAA's operations, research, and facilities. The President's backup book included about \$670.7 million for NWS—about \$471.7 million for operations and research and \$199 million for systems acquisition. It also showed that the request included increases in the operations, research and facilities over fiscal year 1996 for pay raise and within-grade step increases.
4/30/96 and 5/14/96	House and Senate Appropriations Subcommittees on Commerce, Justice, and State, the Judiciary, and Related Agencies held hearings on Commerce's budget request. In testimony, NOAA's Under Secretary noted that NWS' fiscal year 1997 request for operations and research funds to provide public weather and flood warnings and forecasts and applied research in support of the weather service modernization was reduced by \$18.2 million from the base.
9/30/96	The Omnibus Consolidated Appropriations Act for fiscal year 1997 appropriated \$1.85 billion for NOAA operations, research and facilities. The Conference Report provided \$638 million for NWS of which \$460.8 million was for operations and research. The appropriations represented a reduction of \$117.1 million for NOAA and \$32.7 million for NWS. Of NWS' reductions, \$10.9 million was cut from NWS' operations and research request and \$21.8 million was cut from NWS' systems request.
1/3/97	Memorandum from NWS' Director of Management and Budget Office to NOAA Chief Financial Officer mentioning a \$36.3 million NWS base deficit for fiscal year 1997 and expressing deep concern over NOAA's withholding of within grade adjustments of \$1.9 million.
2/14/97	Congressional briefing by NOAA and NWS officials, including the NOAA Deputy Under Secretary, the Assistant Administrator for Weather Services, and the NWS Deputy Assistant Administrator for Operations, noting that fiscal year 1997 Base Operations Budget showed reductions of \$27.5 million based on the fiscal year 1997 enacted appropriation versus the fiscal year 1996 appropriation and planned actions of \$27.5 million to address the reductions.
3/18/97	The Modernization Transition Committee recommended that the Assistant Administrator for Weather Services approve over 80 certifications for consolidation, automation and/or closure of weather service offices.
3/18/97	Memorandum from Assistant Administrator for Weather Services to NOAA Deputy Under Secretary stating that the "operational deficit" facing NWS in fiscal year 1997 is \$36.3 million rather than \$27.5 million. The memo also cites another \$6.8 million in withheld adjustments to base which raises the "operating deficit" to \$43.1 million.

(continued)

Appendix II
Chronology of Key Events Related to the
Formulation and Execution of the NWS
Fiscal Year 1997 Budget

Date	Description
3/21/97	Department of Commerce press release on NWS' plans to restructure operations to meet lower budget allocations discusses recommended actions, which include (1) accelerating planned reductions in staffing and operations at headquarters, regional offices, central operations and field offices and (2) reengineering certain programs, including accelerating plans for up to 200 reduction-in-force actions and closing the southern region headquarters office.
4/1/97	Analysis of NWS "deficit" showing \$42.2 million "deficit" and \$42.2 million in actions to meet "deficit," including \$15.5 million in permanent and one-time reductions, \$6.5 million in temporary reductions, and \$9.7 million of reductions to absorb inflationary costs.
4/4/97	Congressional briefing by NOAA and NWS officials on Base Operations-Fiscal Year 1998 Funding Restoration showing reductions of \$42.2 million, composed of \$27.5 reduction plus \$9.7 million in inflationary costs plus \$5 million in estimated personnel separation costs. The briefing also lists \$42.2 million in actions taken to meet the reductions.
4/8/97	Hearings before the House Committee on Appropriations Subcommittee on Commerce, Justice, and State, the Judiciary, and Related Agencies indicate the NOAA Under Secretary said NWS could fulfill its public safety mission with fiscal year 1997 funding. Assistant Administrator for Weather Services referred to components comprising a \$27.5 million reduction and noted that NWS and all agencies must absorb 3-percent pay raises. The Assistant Administrator for Weather Services further noted that in an operational organization such as the weather service, ongoing degradation as a result of that ongoing absorption of pay raises will eventually lead to a much smaller weather service.
4/17/97	Notification to House Appropriations Subcommittee on Commerce, Justice and State for \$0.7 million reprogramming to NWS for the National Hurricane Center.
4/18/97	NWS schedule on \$7.9 million reprogramming request for fiscal year 1997 operations and research.
4/22/97	Assistant Administrator for Weather Services forwarded over 80 certifications for consolidation, automation, and/or closure of weather service offices to NOAA Under Secretary for approval.
5/6/97	E-mail message from Counselor to the NOAA Under Secretary to NWS Budget Analyst noting that the NWS reprogramming request for \$7.9 million for fiscal year 1997 has not been acted upon yet by NOAA.
5/15/97	NOAA Under Secretary and the Assistant Administrator for Weather Services testify before the Senate Subcommittee on Science, Technology and Space on the components of the \$47.4 million "shortfall," including NWS funding reductions and increased costs, such as pay-related costs and the cost of NOAA support and centralized services.
5/16/97	E-mail message from Counselor to NOAA Under Secretary to NWS Senior Budget Analyst stating that the reprogramming package is with NOAA Deputy Under Secretary and is on its way to NOAA Under Secretary for signature.

(continued)

Appendix II
Chronology of Key Events Related to the
Formulation and Execution of the NWS
Fiscal Year 1997 Budget

Date	Description
5/22/97	Memorandum from NOAA Chief Financial Officer to NOAA Under Secretary requesting a reprogramming for NWS of \$7.9 million.
5/29/97	Memorandum from NOAA Under Secretary to Department of Commerce Acting Chief Financial Officer requesting a reprogramming of \$7.9 million for NWS.
6/6/97	E-mail message to NWS Senior Budget Analyst stating that the NOAA reprogramming is under review and that hopefully there will be a Department of Commerce decision late the next week.
6/19/97	E-mail from NWS Deputy Assistant Administrator for Operations to NOAA Deputy Under Secretary asking for guidance on how to proceed with vacancies. E-mail notes that on June 16 NOAA Deputy Under Secretary indicated that NWS would not be able to fill the vacancies because NWS still had a deficit on the books. E-mail notes that this was a surprise to NWS because of NOAA's previous commitment to pay the separation costs.
6/20/97	NWS Deputy Assistant Administrator for Modernization recommended in an e-mail to NOAA Deputy Under Secretary that the certification packages for approximately 27 offices be held back because of staffing vacancies.
6/25/97	E-mail message from NWS' Management and Budget Office Director to NWS Senior Budget Analysts stating that the Department has requested that the NOAA fiscal year 1997 reprogramming request be submitted 6/25/97.
6/25/97	Department of Commerce press release notes that the Assistant Administrator for Weather Services is reassigned to other duties within NOAA.
7/3/97	Reprogramming Notification from the Department of Commerce Acting Chief Financial Officer to the Congress on a \$5.4 million reprogramming for NWS operations and research.
7/16/97	House Committee on Appropriations, Subcommittee on Commerce, Justice, and State, the Judiciary, and Related Agencies, responded to Department of Commerce Acting Chief Financial Officer on the \$5.4 million reprogramming notification for NWS that it has no objection to reprogramming \$3.6 million from satellite programs for deferred maintenance and related activities, but directs the department to transfer the additional \$1.8 million from the Economic Development Fund.
7/21/97	E-mail message forwarded by Counselor to NOAA Under Secretary to NWS Senior Budget Analyst stating that the House and Senate have officially concurred with the \$5.4 million reprogramming for NWS.

Major Contributors to This Report

Accounting and
Information
Management Division,
Washington, D.C.

Helen Lew, Assistant Director
Michael J. Curro, Assistant Director
Joan B. Hawkins, Assistant Director
James C. Houtz, Information Systems Analyst-in-Charge
Laura E. Castro, Senior Evaluator
David R. Fisher, Senior Auditor
Paul F. Foderaro, Senior Auditor

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