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*NOAA: A Review of the FY2004 Budget Request and Final
Appropriations*

Wayne A. Morrissey, Resources, Science, and Industry Division

May 28, 2004

Abstract. On January 23, 2004, President Bush signed into law H.R. 2673, the Consolidated Appropriations Act, 1994 (P.L. 108-199). Division B, Title II, of that act is the Commerce, Justice, State, the Judiciary, and Related Agencies (CJS) Appropriations Act, 2004, which includes funding for the National Oceanic and Atmospheric Administration (NOAA) in the Department of Commerce. The House agreed to the conference report on December 8, 2003, and the Senate agreed to the conference report January 22, 2004. Appropriations for NOAA for FY2004 were \$3.77 billion. This is \$14.0 million, or 3.7%, less than recommended by the Senate Appropriations Committee; \$710.8 million, or 18.9%, more than House-passed appropriations; \$446.6 million, or 11.9%, more than the Presidents FY2004 request; and \$529.7 million, or 14.1%, more than FY2003 appropriations. (An organization chart for NOAA is included along with a list of common acronyms used in the report..Wayne A. Morrissey, Resources, Science, and Industry Division

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NOAA: A Review of the FY2004 Budget Request and Final Appropriations

May 28, 2004

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NOAA: A Review of the FY2004 Budget Request and Final Appropriations

Summary

On January 22, 2004, the 108th Congress passed H.R. 2673, the Consolidated Appropriations Act, FY2004, which funded the National Oceanic and Atmospheric Administration (NOAA) in the Department of Commerce. NOAA appropriations for FY2004 were \$3,765.4 million, \$450 million more than the President's FY2004 request and \$530 million more than what was appropriated for FY2003. These appropriations funded five line offices, program support, and other accounts through September 30, 2004. President Bush signed the act (P.L. 108-199) on January 25, 2004. A majority of NOAA's research programs, operations, and administrative functions were funded at levels greater than either requested by the President, passed by the House, or recommended by the Senate Appropriations Committee. There were exceptions. The Senate Committee recommended more funding for NOAA Fisheries than was finally enacted.

During budget deliberations, some in Congress and the public raised concerns about NOAA spending. For example, the conference committee recommended appropriations for NOAA satellite procurement for FY2004 that were about a third higher than FY2003 levels. A critical polar orbiting weather satellite was damaged during construction, further complicating scheduling delays. Congress appropriated NOAA funding for contingency plans in the FY2003 emergency funding act. Congress also held hearings on adequacy of funding for NOAA's "Space Weather Services," and whether solar observations were in the jurisdiction of the agency's mission. Others were concerned about budget cuts for popular conservation programs enacted in FY2003. Still others were concerned about the President's proposed pay raise for NOAA Corps commissioned officers, which for FY2004 was tied to the civilian increase, rather than the military increase as in previous years.

More general issues of congressional concern relate to NOAA's reorganization of its administrative support functions and services, which began during FY2003. The agency has since realigned certain personnel, which is reflected in its FY2004 budget structure. Some in Congress questioned apparent large funding differences between final congressional appropriations for FY2004, the President's FY2004 request, and FY2003 actual funding. These were due in some cases to the agency's reorganization, but in others to a new way of accounting for NOAA's budget introduced by the Senate Appropriations Committee.

A funding table compiled by CRS shows NOAA appropriations for FY2004 as passed by Congress in P.L. 108-199. It is organized by the agency's (1) Operations, Research, and Facilities (ORF) account, which funds the agency's five line offices, and Program Support; (2) Procurement, Acquisition, and Construction (PAC) account; and (3) "Other Accounts," which fund Pacific coastal salmon recovery, fisheries financing and legal obligations, and mandatory funding for NOAA's Commissioned Officers Corps benefits. Also featured in this table are the President's request, the Senate Appropriations Committee's recommendations, House-passed appropriations for FY2004, and actual appropriations levels for FY2003. This report is a summary of the FY2004 budget and, as such, will not be updated.

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NOAA: A Review of the FY2004 Budget Request and Final Appropriations

Agency Funding

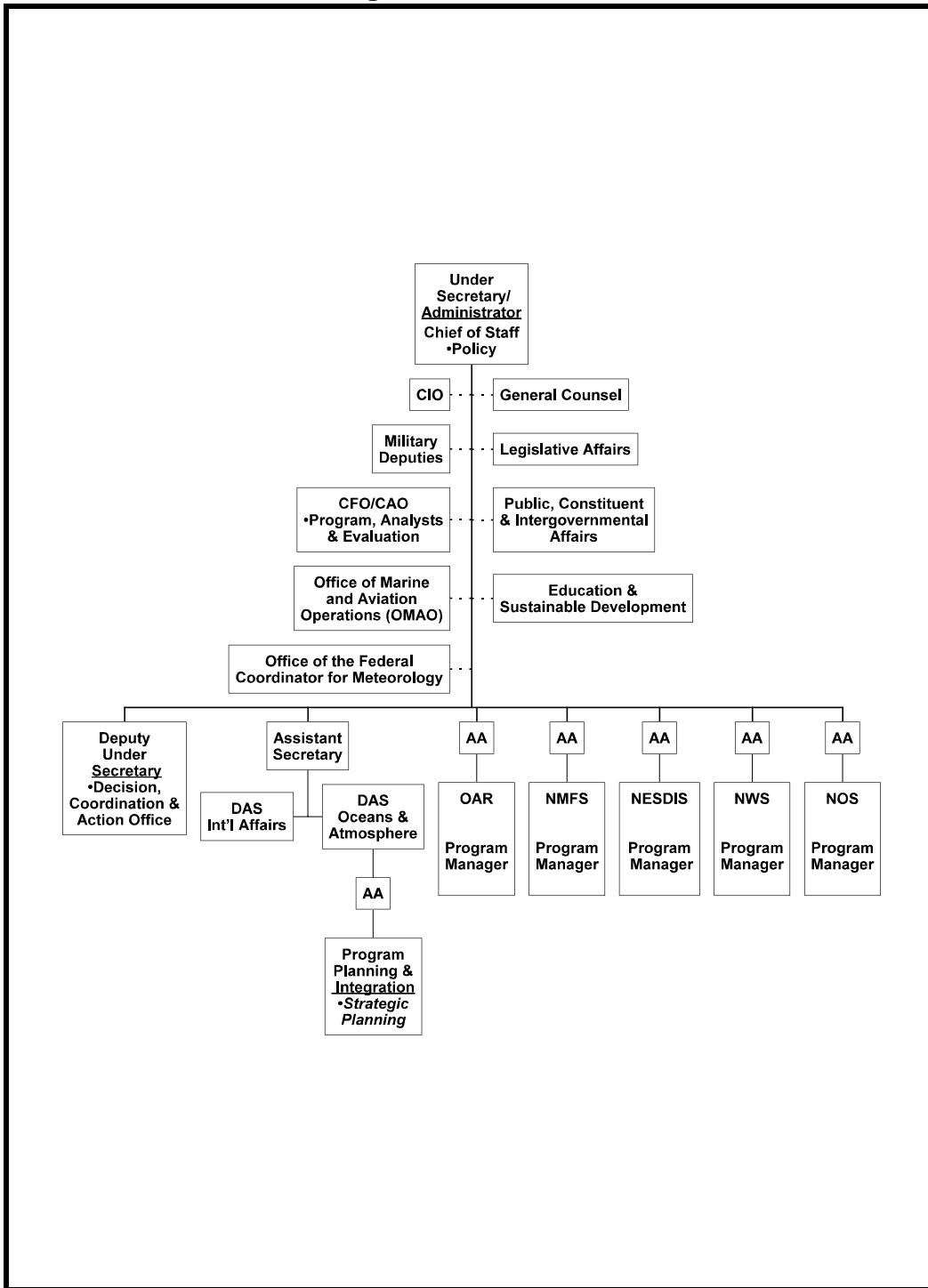
On January 23, 2004, President Bush signed into law H.R. 2673, the Consolidated Appropriations Act, 1994 (P.L. 108-199). Division B, Title II, of that act is the Commerce, Justice, State, the Judiciary, and Related Agencies (CJS) Appropriations Act, 2004, which includes funding for the National Oceanic and Atmospheric Administration (NOAA) in the Department of Commerce. (See “Table 1”, below.) The House agreed to the conference report on December 8, 2003, and the Senate agreed to the conference report January 22, 2004. Appropriations for NOAA for FY2004 were \$3.77 billion. This is \$14.0 million, or 3.7%, less than recommended by the Senate Appropriations Committee; \$710.8 million, or 18.9%, more than House-passed appropriations; \$446.6 million, or 11.9%, more than the President’s FY2004 request; and \$529.7 million, or 14.1%, more than FY2003 appropriations. (An organization chart for NOAA is on p.2; a list of common acronyms used in this report begins on p. 25.)

President’s Request

On February 3, 2003, President George W. Bush requested a total of \$3.32 billion for NOAA for FY2004. Of that amount, \$2.39 billion would have been for Operations, Research and Facilities (ORF); \$842 million for Procurement Acquisition and Construction (PAC); and \$84.1 million for NOAA’s Other Accounts, including \$90 million for the Pacific Coastal Salmon Recovery Fund (PCSRF), but offset by other cuts in that account. He also requested additional budget authority of \$93 million for ORF, which included a transfer of \$75 million from the Promote and Develop American Fisheries Products Fund (PDAF), \$3 million from NOAA’s Coastal Zone Management Fund (CZMF), which is a revenue neutral offset, and \$15 million of FY2003 deobligations.

The President’s budget for FY2004 provided a total increase of \$190 million for NOAA, when compared with the FY2003 budget request. OMB had used the FY2003 request for comparison in lieu of congressional appropriations for FY2003, because those had not been enacted when the FY2004 budget request was presented. Many who are constituents of NOAA’s line offices (i.e., the National Ocean Service, NOAA Fisheries, NOAA Research, National Weather Service, and NOAA Satellite Services) urged Congress to wait until actual FY2003 appropriations were known prior to allocating funding for specific programs at the agency. In that way, they said, Congress would have a more accurate sense of how NOAA programs might fare with the President’s FY2004 request.

Figure 1. National Oceanic and Atmospheric Administration Organizational Chart



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Source: Prepared by CRS, based on *U.S. Department of Commerce, National Oceanic and Atmospheric Administration, FY2005 Budget Summary*, February 2, 2004. (See discussion of NOAA reorganization, beginning on p. 15.)

Nevertheless, in some cases the President's request for FY2004 would have increased funding for some NOAA programs, even if compared to actual FY2003 appropriations. In ORF, there would have been an increase of \$40.9 million for NOAA Fisheries (NMFS), \$22.2 million for the National Weather Service (NWS),¹ \$75.0 million for Program Support (PS), and \$76.0 million for NOAA Satellites procurement in the NESDIS PAC account. On the other hand, there were cuts slated for ORF, including \$26.9 million from the National Ocean (and Coastal) Service (NOS) and \$8.2 million from NOAA Research (OAR). NOS PAC would also have been cut \$51.4 million, owing to a "stripping out" of funding for a number of Coastal and Estuarine Land Conservation Program (CELCP) construction projects authorized through FY2003, whose obligations had been satisfied under the original authorizing Act, P.L. 106-533. As a result, the President did not request funding for FY2004.

House Appropriations Highlights

Notable issues which arose during House deliberations on NOAA's FY2004 budget include proposed funding levels for many NOAA programs, direction on NOAA conservation spending activities, coastal and ocean observation activities, a mandatory assessment of management of NOAA Research and facilities, and a proposal by the House leadership regarding NOAA's seafood inspection program.

Appropriations in the House-passed H.R. 2799 were \$3,054.6 million, a cut of \$264.2 million. For most NOAA line offices, funding levels were far less than requested by the President for FY2004. On the other hand, the House appropriated \$713.8 million for the National Weather Service (NWS) in H.R. 2799, which was only slightly less than the President's FY2004 request of \$721.0 million; much of the increase proposed by the House was for *Aviation Weather* forecasting. For the Pacific Coastal Salmon Recovery Fund (PCSRF), \$90 million was appropriated, matching the President's request for FY2004. The House Appropriations Committee directed NOAA Fisheries to obligate all of its FY2004 appropriations for *Habitat and Conservation* to projects other than those funded by the PCSRF, noting the PCSRF includes its own habitat and conservation funding. However, unlike the President's request, the House did not approve a transfer of \$3.0 million from the Coastal Zone Management Fund (CZMF) to ORF, or provide funding of \$7.0 million that, in recent years, was approved annually for NOAA Fisheries.

The House Appropriations Committee noted in the bill report on H.R. 2799 (H.Rept. 108-221) that *Conservation Spending* for NOAA for the Coastal and Estuarine Land Conservation Program (CELCP) would be funded as a budget subactivity of construction funding in the National Ocean Service's PAC account. That funding was approved originally by Title VIII of the Department of the Interior Appropriations Act, 2000 (P.L. 106-291), but was first funded by the CJS Appropriations Act for FY2001 (P.L. 106-553) through FY2003. In FY2003, Congress added funding of \$38 million for new projects and, for FY2004, the House appropriated \$7.3 million in H.R. 2799 to complete those begun in FY2003.

¹ This amount includes \$10.4 million in new construction funding requested for the NWS Science Center, which would be managed by the National Centers for Environmental Prediction as part of NWS Central Forecast Guidance operations.

Table 1. Budget Request and Congressional Appropriations For FY2004

NOAA Line Offices and Subactivities	FY2003Act. ^a	FY2004 Req. ^b	H.R. 2799 ^c	S. 1585 ^d	P.L. 108-199 ^e
Operations, Research, and Facilities (ORF)					
National Ocean Service	417.9	391.0	363.2	508.6	513.9
NOAA Fisheries	580.1	621.0	545.1	672.5	640.0
NOAA Research	374.7	366.5	306.4	394.5	400.8
National Weather Service	698.8	721.0	713.8	696.9	729.7
NOAA Satellites & Information	150.6	150.3	146.3	148.8	153.8
Program Support — Corporate Services	68.8	93.9	87.3	179.7	185.3
— Marine and Aviation Operations	75.5	109.1	101.4	114.8	115.0
— Facilities	13.2	29.5	13.1	32.8	10.0
Deobligations/Transfers	(82.0)	(90.0)	(96.2)	(67.0)	(62.0)
ORF Total Appropriation ^f	2,298.5	2,392.3	2,180.5	2,681.5	2,686.5
Non-ORF					
Procurement, Acquisition, and Construction (PAC)	819.1 ^g	842.4	794.1	990.1	990.1 ^h
Pacific Coastal Salmon Recovery	129.2 ⁱ	90.0	90.0	90.0	90.0
International Fisheries Commission ^j	—	—	—	20.7	—
Other Fisheries/Mandatories	(11.1)	(5.9)	(10.0)	(8.0)	(1.2)
Non-ORF Total Appropriation	937.2	926.5	874.1	1,072.1	1,078.9
NOAA Discretionary Totals [*]	3,235.7	3,318.8	3,054.6 ^k	3,779.4	3,765.4

Source: Compiled by CRS from sources noted below. For more information about NOAA's FY2003 funding, see CRS Report RL31567, *The National Oceanic and Atmospheric Administration (NOAA): President's Budget and Congressional Appropriations for FY2003*, by Wayne A. Morrissey. ***Numbers may not add due to rounding.**

Notes:

- a. P.L. 108-7, as printed in *Congressional Record*, February 12, 2003: H904-H932, H947. See also H.Rept. 108-10, Division B, Title II-Department of Commerce, National Oceanic and Atmospheric Administration.
- b. FY2004 budget request numbers as reported by the House Appropriations Committee, May 5, 2003. A breakout of NOAA line office funding requested for FY2004 was reported by the U.S. Dept. of Commerce in: *National Oceanic and Atmospheric Administration in: the FY2004 Budget Summary*, Feb. 3, 2003, found at [<http://www.noaa.gov>].
- c. As passed by the House. See H.Rept. 108-221, to accompany H.R. 2799, July 21, 2003.
- d. As reported by the Senate Appropriations Committee, S.Rept. 108-144, to accompany S. 1585, Sept. 5, 2003.
- e. H.Rept. 108-401 on H.R. 2673, Division B, Title II, *Congressional Record*, November 25, 2003: H12487-H12515.
- f. ORF appropriations totals exclude other budget authority such as deobligations, mandatory transfers within NOAA, or funding provided by other federal agencies. These are subtracted in the previous line.
- g. Amount included \$65 million in FY2003 Supplemental Appropriations for NOAA weather satellites (P.L. 108-11). Deobligations of \$3.2 million approved by Congress for the PAC account are also reflected in this amount.
- h. H.Rept. 108-401, §212, provides an additional \$6.1 million for one-time appropriations of specific projects under PAC construction, which is not reflected in this total.
- i. Amount includes request for \$40 million as final U.S. payment for two restoration funds under the 1999 Pacific Salmon Treaty.
- j. Neither the House, nor the conference committee included funding for “International Fisheries Commissions,” a new fund recommended in the Senate Appropriations Committee bill. However, Senate Appropriations Committee funding tables attributed \$16.9 million in appropriations for the House for this activity.
- k. The Senate Appropriations Committee total reported for the House exceeded that reported by the House Appropriations Committee by \$148.3 million. The reasons for that difference are not apparent.

Also, the House appropriated \$14.3 million for coastal and observation programs and directed NOAA to be the lead agency for developing the interagency national coastal and ocean observation network. The House Appropriations Committee encouraged a review of pending applications for grants submitted by non-federal partners. Congress had appropriated \$16 million for a federal matching grant program in FY2003 to assist local communities that were developing or had developed ocean and coastal observation systems. The National Ocean Service (NOS), which issues the grants, stated its goal was to build a “national integrated ocean and coastal observing system.” The President had not requested funding for the grants for FY2004.

The House Appropriations Committee directed NOAA to evaluate operations of its 12 Environmental Research Labs (ERLs) to determine the impact on agency services if these were consolidated to six. (Six of the ERLs are situated in close proximity in Boulder, CO.) The committee stated that its assumption was that ultimately the six ERLs would be administered under the NOAA line offices for which they provide operational support, rather than under NOAA Research. The committee required NOAA to evaluate its research enterprise and report back to Congress by March 2004. Although a working draft of the report circulated for expert review, the final report had not been submitted by May 2004.

In addition, the committee directed NOAA to transfer \$4.3 million of tsunami mitigation research funding to the National Weather Service (NWS) from OAR, to improve tsunami warning operations. It also directed the NWS to assume the full cost of operating a network of five Micronesian weather service offices in the Pacific Ocean. The House-passed H.R. 2799 appropriated \$1.0 million for NOAA fleet planning and maintenance to upgrade its weather and environmental research aircraft to comply with Federal Aviation Agency and International Civil Aviation Organization safety regulations, but it also funded other technological upgrades.

The House appropriated \$2 million for NOAA’s Office of Program Planning and Integration (OPPI) that was established under NOAA Administration in FY2003. This was also the amount requested for FY2004 by the President. OPPI, under the Office of the Under Secretary for Oceans and Atmospheric Research, has its own budget line. (See “NOAA Reorganization,” below.) The committee directed the Secretary of Commerce to submit a five-year spending plan for NOAA satellite operations, prior to the agency obligating any FY2004 funds for satellite systems acquisition.

Finally, the House disagreed with NOAA’s proposal to privatize its Seafood Inspection Program. The House passed H.R. 2799 on July, 23, 2003.

Senate Appropriations Committee Highlights

Major issues encountered during the Senate Appropriation Committee’s deliberations on NOAA’s FY2004 budget included the proposed establishment of an international fisheries and legal fund within NOAA, “Truth in Budgeting” at NOAA, proposed cuts in NOAA solar observation activities, NOAA lab consolidation, an assessment of a national “all-hazards” communication network, and implementation of new technology for severe storm detection.

On September 5, 2003, the Senate Appropriations Committee reported S. 1585, its version of the CJS spending bill for FY2004 (S.Rept. 108-144), recommending \$3,779.4 million for NOAA, an increase of \$461 million above the request. The Senate bill recommended transferring management of the International Fisheries Commissions (IFC) budget, which is currently in the Department of State (DOS), to NOAA, along with appropriations for IFC of \$20.7 million. The IFC was funded at \$17.1 million in DOS's budget for FY2003, including NOAA's contribution for salaries and expenses of the commissioners and U.S. obligations for international fisheries agreements. The committee also proposed a new account for FY2004, the fisheries *Litigation and Settlement Fund*, and \$5.0 million to establish it.

The committee adopted a novel approach to reporting NOAA's FY2004 budget called "Truth in Budgeting." In S.Rept. 108-144, the committee stated that it attempted to "tease out" salaries and expenses from so-called "base funding" requested for each of the agency's five line offices. NOAA "base funding" had become a catch-all term for programs, administrative expenses, and agency functions that have no specific line item funding. The committee noted that, because budget reporting across the agency was not uniform, that task was difficult. As such, the committee's funding tables generally provided more details on line items and subactivities in the NOAA budget than those found in the President's FY2004 request. The committee stated that it was concerned that disparate elements of the budget had been "lumped together under base funding."² Further, the committee admonished NOAA financial directors about future budget submissions, and directed the agency to follow the organization and level of detail found in the committee's funding tables, without exceptions. The committee expected the agency to report to Congress about any deviations from those appropriations tables.

The committee criticized the NOAA Fisheries budget submission, citing instances where fixed and variable costs were not differentiated.³ The committee raised questions about funding for the Endangered Species Act (ESA), other regulatory programs, administrative costs, mandatory obligations, and personnel expenses, that were virtually indistinguishable from general programmatic funding in NOAA Fisheries base funding. In particular, the committee noted, the line office failed to identify its information technology (IT) funding obligations, such as computer acquisitions. Accordingly, the committee recommended that NOAA create a separate budget line under *Systems Acquisitions* for IT in the NOAA Fisheries PAC account.

In addition, the committee report — similar to the House Appropriations Committee report — addressed management and administration issues at NOAA's Office of Oceanic and Atmospheric Research (OAR) line office, popularly known as NOAA Research.⁴ OAR manages most of NOAA research conducted in support of line office operations, including research and development (R&D) activities, and all

² U.S. Senate, Committee on Appropriations, *Report to Accompany S. 1585, CJS Appropriations, FY2004*, S.Rept. 108-144 (Washington, DC: Sept. 5, 2003), p. 87.

³ *Ibid.*, p. 94.

⁴ *Ibid.*, p. 100.

of NOAA's Environmental Research Labs (ERLs). OAR also coordinates NOAA's involvement in a number of interagency joint cooperative research institutions and academic and private sector research partnerships.⁵

The committee directed NOAA Administration to assess the need to keep the current OAR line office intact, compared to distributing those research management functions, and all NOAA research activities, to the line offices NOAA Research was intended to support.⁶ The committee noted it had found cases where OAR was conducting "independent research" that was not relevant to NOAA line office operations.⁷ It also identified activities that it said duplicated programs at other federal agencies, including the U.S. Air Force and NASA. (See "Solar Observations," below.)

The committee stated that, while it supported development of a NOAA Weather Radio-All Hazard National Warning Network, it could not recommend funding, until it had "received and reviewed a comprehensive federal interagency plan for national emergency broadcasts."⁸ The President had requested \$5.5 million for development of a national hazards emergency communications network that incorporated NOAA Weather Radio for homeland security purposes.

The committee recommended \$53 million to commence construction of a third NOAA fisheries research vessel (FRV#3) of the five authorized by Congress in FY2001, which was what the President had requested.

The committee report discussed the use of Phased Array Radar (PAR) by the NWS to enhance its ability to detect severe weather, such as tornadoes. PAR, which is currently used by the U.S. military, would be re-engineered for civilian applications. The committee recommended \$1.5 million to commence PAR conversion; the President did not request funding for this purpose for FY2004.

The Senate incorporated the CJS Appropriations into the Consolidated Appropriations bill, H.R. 2673. That measure passed the Senate on November 6, 2003 (amended).

Conference Committee Actions

Some of the issues that arose during conference committee negotiations for NOAA's FY2004 budget included the Senate's "Truth in Budgeting" principles for NOAA. The Conference report on H.R. 2673 (H.Rept. 108-401) was issued on

⁵ Other research and R&D activities are conducted by other NOAA line offices, many of which are performed in their own laboratories not under the management of OAR.

⁶ Op cit. 2, p. 101.

⁷ David Malacoff, "Earth Science: Panel Urges Shakeup on NOAA Research," *Science*, vol. 303 (Jan. 16, 2004): 297. Article discusses recent draft report compiled by the NOAA Research Review Team on restructuring the NOAA Research enterprise.

⁸ Op cit. 2, p. 104.

November 25, 2004. It passed the House on December 8, 2003, and the Senate on January 22, 2004. The bill was signed into law as P.L. 108-199 on January 23, 2004.

The conference committee recommended a \$3.77 billion appropriation, slightly less than the Senate-approved amount, and \$447 million more than the request. Committee recommendations included \$2.69 billion for ORF; \$990.1 million for PAC; and \$90.0 million for NOAA's "Other Accounts," including the PCSRF, NOAA Fisheries-related financing and legal accounts, and other mandatory personnel-related obligations.

The conference committee specifically rescinded \$100 million in funding from the Department of Commerce's FY2004 budget, however, it exempted some NOAA programs.⁹ Conferees stipulated that the seafood inspection program would continue to be operated in-house by NOAA Fisheries. Further, the committee recommended that \$19.3 million proposed by the Senate for the IFC in NOAA remain in the DOS budget for FY2004, and did not adopt the Senate Committee's recommendation to transfer the exclusive management to NOAA. It also recommended \$20,000 in start-up funding for re-engineering and manufacturing of civilian PAR weather radar, which Congress passed.

The conference committee recommended additional budget authority of \$62 million that would be derived from balances in the interagency Promote and Develop American Fisheries Products Fund. The committee also gave direction about use of previous fiscal year deobligations. In addition, the conference committee directed NOAA's five line offices to transfer collectively a total of \$4.3 million to the Office of Marine and Aviation Operations (OMAO) for agency-wide fleet planning and maintenance activities. Conferees did not approve a \$3 million transfer from the Coastal Zone Management Fund (CZMF) to the NOS ORF account, as had been done in prior years. Also, conferees directed that none of NOAA's funding for FY2004 be obligated for the President's e-Gov (electronic government) initiative.

Major issues are discussed below individually in the following section on congressional concerns relating to NOAA's budget request and congressional appropriations for FY2004.

NOAA's FY2004 Budget and Congressional Concerns

A number of issues of congressional concern surfaced during Congress' deliberations on NOAA's FY2004 budget. Some of these issues may resurface during deliberations on NOAA's FY2005 budget.

⁹ These exempted programs are identified in §215 of "General Provisions" for the Department of Commerce in H.R. 2673, and include coral reef activities, fisheries enforcement, the Ocean Health Initiative, land acquisition, and NOAA lab construction. This rescission was in addition to an across-the-board cut of 0.465% for the entire federal government ordered by §638 of H.R. 2673.

Prior to passage of the Consolidated Appropriations Act, 2004, some in Congress became concerned about apparently large shifts in NOAA line item appropriations. These differences occurred in some cases, when conferees' recommendations were compared to amounts requested by the President for FY2004, and, in others, when compared with FY2003 appropriations. In particular there was a difference for the National Ocean Service (NOS) of \$122 million, between the FY2004 appropriation and the request. Congressional appropriations for the ORF account was \$513.9 million for NOS for FY2004, and the President's request was \$391.0 million. (See Table 1.) Other large differences were in NOAA Satellite Services account. Smaller differences are found in the NOAA research vessel fleet funding and NOAA facilities funding.

National Ocean Service (NOS)

Funding differences are apparent between the President's request for NOS for FY2004, appropriations for FY2004, and appropriations for FY2003, for specific NOS budget subactivities and programs. The most notable differences include a new accounting method used by the Senate Appropriations Committee for NOAA's FY2004 budget, conservation activities, coastal and ocean observation services, funding for coral reef activities, and personnel salaries and expenses.

"Truth in Budgeting". For FY2004, the Senate Appropriations Committee adopted a new method of accounting for the NOAA budget, inspired by the NOS ORF budget presentation. Application of this new method resulted in a large increase, \$122 million, between what the President had requested for NOS and what was finally appropriated.

The Senate Committee's report (S.Rept. 108-144) lauded NOS for introducing a new approach to accounting in its plan for FY2004, which was included in the FY2004 NOAA budget submission to Congress. The Senate Committee stated that NOS separated funding requested for salaries and other fixed employee expenses from its base funding, which also included programmatic activities. The report noted that for the rest of NOAA's line offices, fixed and variable obligations were virtually indistinguishable. The Senate Committee called for "Truth in Budgeting" across *all* NOAA line offices, and suggested that, if NOS could report obligations of \$151 million of its base funding as employee salaries and expenses, the rest of the agency could similarly differentiate obligations.

The Senate Committee also recommended full funding for NOS fixed expenses for FY2004 (plus mandatory increases). However, some committee Members soon recognized that with the amounts requested by the President, funding was insufficient for NOAA programs wrapped up in base funding that did not have individual budget lines. NOAA's constituents who depend on NOAA programmatic funding and services criticized what they referred to as the agency's policy to pay, at its discretion, increases for fixed expenditures at the expense of discretionary funds for NOAA research programs and operations.

To ensure NOAA *programs* that had been authorized by Congress were funded as intended, conferees adopted the Senate Committee's funding recommendations for NOS. The final bill reflected the monetary differences between the Senate

Appropriation Committee's recommendations for NOS, which identified fixed (administrative) and variable (programmatic) expenditures, and the President's request, which had included both, but at lower combined funding levels.

Conservation Spending. For the NOS PAC account, the situation was different. The conference committee added funding for particular programs. Most increases are restoration of funding for existing programs for which the President had not requested funding for FY2004.

The CELCP (Title VIII of the 2001 Department of the Interior Appropriations Act, P.L. 106-552) had authorized \$400 million for "conservation spending" at NOAA through FY2003, but left it up to NOAA to fund its share. Congress approved a total of \$420 million, in FY2001, in P.L. 106-155, CJS Appropriations for FY2001, for conservation activities at NOAA, which it noted was to be used until expended. However, much of the funding for various programs and activities of the CELCP was not obligated by NOAA until FY2002. Congress appropriated \$15.8 million in funding for the CELCP in FY2002. The President did not request funding for the CELCP for FY2003; however, Congress appropriated \$37.7 million for new projects.

Statutory requirements for NOAA under the 2001 Coastal and Estuarine Conservation and Land Acquisition Act (CELCP) expired in FY2003, and, as such, for FY2004, the President did not request funding for CELCP, and deleted about \$38 million from his budget submission. Nevertheless, a number of Members of Congress wanted assurances that CELCP projects in their districts, which were funded in FY2003, would be completed.

The House Appropriations Committee recommended a lump sum payment for remaining those remaining obligations, estimated at \$7.3 million. The House Committee did not designate these appropriations as "conservation spending," as defined in the original act,¹⁰ but included them under a separate budget subactivity for CELCP, in the FY2004 NOS PAC account.

However, the Senate Appropriations Committee recommended significantly more funding for CELCP projects, including even more new projects amounting to \$60 million. Final appropriations for CELCP projects took the high ground between House and Senate Appropriations Committee recommendations, providing \$51.4 million for CELCP projects. This amount was \$8.6 million, or 14.3%, less than the Senate Committee's recommendations, and \$44.1 million, or about 86.2% more than the House-passed level in H.R. 2799. Most funding increases for CELCP projects approved by Congress for FY2004 were recommended by the Senate Committee; however, in the end, conferees actually funded more CELCP projects than either that recommended by the House or the Senate Appropriations Committee, but funding levels for individual projects generally were less than recommended.

¹⁰ Conferees funded six additional construction projects for FY2004 in the NOAA PAC account totaling \$6.2 million under §212 of General Provisions of P.L. 108-199. See *Congressional Record* (Nov. 25, 2003): H12343.

Consolidate Federal Coral Reef Funding. NOAA is the lead agency for the U.S. Coral Reef Task Force (USCRTF). Through the NOAA Coral Reef Conservation Program (CRCP), it coordinates national coral reef conservation activities and contributes research for the USCRTF. NOAA's Administrator had requested that FY2004 appropriations continue to be distributed as they had been previously under NOAA's CRCP.¹¹ The CRCP was managed under a NOAA "Matrix," one of several administrative hubs created for agency-wide, or interagency, crosscutting programs for which NOAA is lead agency. Through the Matrix, requests for the USCRTF were coordinated and approved by a NOS program manager, reporting to the NOAA Assistant Administrator for Policy Planning and Integration.

Conferees, however, adopted Senate Appropriations Committee recommendations that consolidated all NOAA-administered federal coral reef task force conservation activities under NOS. That action may have left an impression that funding levels for national coral reef activities within NOS were increased at the expense of coral reef programs under other line offices of NOAA, because of the shifts in funding between accounts. It is not an actual increase, however.

Integrated Coastal and Ocean Observing System Funding. In FY2002, Congress authorized NOS to expand a grants program for an "integrated coastal and ocean observing system," and Congress appropriated \$14.3 million in FY2003. The President did not request funding for this NOAA initiative for FY2004, but the Congress funded that initiative at \$29.5 million.

During deliberations on NOAA's FY2004 budget, there was a surge of interest among coastal communities about acquiring NOS federal-state matching grants to assist them in developing local and regional coastal observation systems. Some local government officials urged their states to seek matching grants from NOAA. Also, individual universities, consortia, and private sector entities were eligible to apply, if they could match federal grants. NOS identified its long-term goal as integrating regional systems to create a "national coastal and ocean observing network."¹²

The House appropriated \$16.0 million for what it designated "coastal and ocean observing technologies." The Senate Appropriations Committee recommended \$30.5 million. In the final tally, Congress approved \$29.5 million, \$15.2 million more than appropriated for FY2003.

¹¹ "Coral Reef Conservation Program," *NOAA, FY2004 Budget Summary* (Washington, DC: Feb. 3, 2003), p. 77.

¹² The House also appropriated \$16 million to develop a National Ocean Observation System, whose emphasis is on climate change. This is different from NOS's coastal and ocean observation system. Provision for the National Ocean Observing System is under NOAA Research (OAR). The House report urged the Administration to use unobligated funding from previous years for local or regional coastal and ocean observation systems that were already in developmental phase. They also set aside 3% for data management and directed that applications of named projects be reviewed expeditiously for eligibility.

Other NOAA Agencies

NPOESS Funding. The largest difference between overall NOAA PAC funding appropriated by Congress for FY2004 and that appropriated for FY2003 is related to NOAA Satellite Systems acquisition in the National Environmental Satellite Data and Information Systems (NESDIS) PAC account. For FY2004, Congress increased NESDIS PAC funding by \$179.0 million to \$682.7 million, for procuring and launching the latest in a series of NOAA Polar and Geostationary Orbiting Environmental Satellites (POES and GOES). This funding was provided after conferees approved a plan and schedule for deploying these satellites that accompanied the President's FY2004 budget request.

NOAA had received \$65.0 million in the Emergency Continuing Appropriations Act of FY2003 (P.L. 108-11), in addition to its regular appropriations for FY2003. This emergency funding was appropriated for the NESDIS PAC account to expedite development and deployment of the joint NOAA-DOD-NASA National Polar Orbiting Environmental Satellite System (NPOESS) program.¹³ NPOESS is the successor to NOAA's POES and the Department of Defense (DOD) Defense Meteorological Satellite Program (DMSP). NOAA and DOD provide matching funds for NPOESS. When fully operational, NPOESS would cut the number of operating NOAA and DMSP satellites in orbit at any one time in half (from four to two).

The transition between POES and NPOESS has already been an issue for some time for Congress, because of delays in the development of the necessary infrastructure for data management and for deployment of the first NPOESS satellite. To worsen matters, an accident in September 2003 severely damaged NOAA-N Prime (N'), the final satellite planned for the POES series. NOAA-N' would have been launched in 2008.¹⁴ Experts in the operational meteorology and climate research communities were already concerned about a potential gap in satellite coverage because of delays in the NPOESS program. They cautioned that a gap in polar satellite coverage would be particularly troubling for the National Weather Service (NWS), which obtains 83% of its meteorological data for weather forecasting from POES satellites. NWS stressed that contemporary weather coverage requires, at a minimum, two polar orbiting satellites operating simultaneously in a morning/afternoon configuration, whether those are NOAA's, DOD's, or one of each. In the first session of the 108th Congress, the House Science Committee held a hearing at which key NOAA and NASA scientists and GAO testified about the consequences of the potential satellite data gap.¹⁵ The damage to NOAA N' exacerbated these concerns.

¹³ U.S. Congress, House, *Conference Report to Accompany H.R. 1559, Making Emergency Wartime Supplemental Appropriations for the Fiscal Year 2003, and for Other Purposes*, H.Rept. 108-76, 108th Cong., 1st sess. (Washington, DC: 2003), p. 33.

¹⁴ Jeremy Singer, "NOAA, Air Force Ponder Their Options If Damaged Satellite Is Beyond Repair," *Space News*, vol. 14, no. 42 (2003).

¹⁵ U.S. Congress, House Committee on Science, Subcommittee on Environmental Technology and Standards, *NOAA Satellites: Will Weather Forecasters Be Put At Risk?* Serial No. 108-19 (Washington, DC: U.S. GPO, 2003).

During FY2004 budget deliberations, congressional appropriators responded to those warning of a potential crisis by providing increases for the NESDIS PAC account to accelerate the pace of development of the NPOESS program. Congress also boosted appropriations for procuring geostationary orbiting environmental satellites (GOES), which track tropical storms, and which have also met with technological mishaps in the recent past. As for NPOESS, many scientists urged that a backup polar satellite with the requisite environmental data sensors on board, be brought online sooner than 2010.

Congress, while willing to provide the necessary resources, wanted assurance that NOAA and its partners were prepared for all possible contingencies in the future, with a clear sense of what was needed and when, for optimum meteorological and environmental data coverage. Therefore, Congress required the agency to submit an updated master plan, detailing future obligations for deployment and operation of all NOAA satellites. The conference committee also stressed that releasing any FY2004 appropriations for NPOESS would be contingent upon delivery of such a plan.

Solar Observations and Space Weather Forecasting. Solar observations are conducted by NOAA's Space Environmental Center (SEC) in Boulder, CO. The SEC is funded under Weather & Air Quality Research, a budget subactivity of NOAA Research. The SEC is one of NOAA's 12 Environmental Research Labs (ERLs). In its report, (S.Rept. 108-144), the Senate Appropriations Committee stated that solar observations are "the bailiwick of the National Aeronautics and Space Administration and Air Force."¹⁶ The Senate committee recommended a total of \$3.9 million for SEC, and directed that, "absolutely no funds are provided for solar observations in SEC by NOAA." This meant a cut of \$1.4 million for SEC (the total annual cost of NOAA's solar observation program), or 26%, below the FY2003 SEC level of \$5.3 million. The President had requested \$8.3 million for FY2004, \$1.4 million of which was for solar observations. The Senate committee's recommendation would have meant a 53% cut below the President's request.

The House Appropriations Committee recommended \$5.3 million for the SEC, \$3.0 million less than the President's request. Level funding recommended for the SEC raised concerns of some Members of the House Science Committee about NOAA's ability to continue to provide adequate space weather forecasting services.

On October 30, 2003, the House Science Subcommittee on Environment, Technology, and Standards held a hearing to consider the President's FY2004 request for the SEC, vis-a-vis House-passed congressional appropriations.¹⁷ This came on the heels of a major solar storm forecasted by the SEC, which on October 19, 2003,

¹⁶ S.Rept. 108-144, p. 101.

¹⁷ U.S. House, Committee on Science, Subcommittee on Environment, Technology, and Standards, *What Is Space Weather and Who Should Forecast It?* Hearing of the House Science Committee, 108th Cong., 1st sess., October 30, 2003.

resulted in a large radio blackout on the day-lit side of the Earth.¹⁸ On October 22, 2003, SEC forecast even stronger solar flare activity with major repercussions for telecommunications, which materialized a few days later.¹⁹

Witnesses also discussed a large blackout in the northeast United States in 2000, and one which occurred in 1989 in Quebec, Canada. Each had been reported as due to increased solar activity, which had interrupted electric power, telecommunications and commercial air transportation. Some Members present, along with expert witnesses asserted, this is the kind of “space weather” that SEC is intended to predict and thus to ameliorate it affects.²⁰

The Consolidated Appropriations Act, FY2004 (P.L. 108-199) did not specifically address funding for the SEC or solar observations at NOAA. However, Congress appropriated \$39.1 million for NOAA Research, Weather and Air Quality Research, Laboratories and Joint Institutes, the same as appropriated for FY2003.

NOAA Fleet Research Vessels Funding. NOAA fleet planning and maintenance, which is provided under the Office of Marine and Aviation Operations (OMAO) sustained funding cuts for FY2004. Actually, the President’s request differed little from FY2003 appropriations of \$51 million which were provided for construction of NOAA Fisheries Research Vessel (FRV) #2, the second of five FRVs authorized by Congress in FY2001. However, Congress appropriated \$17 million to begin construction of FRV #3. Noting that FRV#2 had not yet been completed, the House stated that NOAA was requesting more than it could possibly obligate in FY2004 for FRV#3.

NOAA Facilities Funding. Historically, NOAA’s Facilities account has funded maintenance and repairs, environmental compliance, and safety in the workplace. Congress appropriated \$18.5 million total for NOAA’s Facilities account (ORF and PAC combined), instead of the \$29.5 million the President requested for FY2004. In the request, excluding environmental compliance, the amount for maintenance and repairs was \$15 million, almost five times greater than the \$3.2 million Congress appropriated for the ORF facilities budget in FY2003.²¹

Final congressional appropriations for maintenance and repair may have left some with the impression that NOAA’s facilities funding was cut by \$3.2 million for

¹⁸ Department of Commerce, NOAA, “Sun Erupts with Intensity,” *NOAA Magazine* [online], Oct, 22, 2004, at [<http://www.noaanews.noaa.gov/stories2003/s2104.htm>].

¹⁹ Marcia Walton, “Cloud of Solar Gas Strikes Our Planet,” *CNN.com*, Nov. 1, 2003. “Airline navigation systems and satellite phones are feeling the effects of unexpectedly turbulent solar weather, but no wide spread problems were reported Friday when a cloud of superheated gases reached Earth’s Upper Atmosphere.”

²⁰ Rep. Mark Udall “NOAA Laboratory Funding , Remarks on Conference Report (H.Rept. 108-199) recommendations for the Space Environment Center,” *Congressional Record* (Dec. 8, 2003): H12836.

²¹ The National Weather Service funds its own maintenance and repairs of its Weather Forecast Offices. NWS was appropriated \$7.4 million for that in its ORF account.

FY2004. However, Congress appropriated \$7.5 million for “backlog and cyclical repairs” in the PAC account instead of ORF. This translated to a net increase of \$4.3 million in funding for NOAA facilities maintenance and repairs, as compared with FY2003 appropriations.

NOAA Reorganization and Personnel Issues

Some congressional staff have questioned differences in appropriations for NOAA Program Support for FY2004, when compared with FY2003. These apparent differences resulted when NOAA shifted many of its administrative support funding obligations from the Office of the Under Secretary of Commerce for Oceans and Atmosphere line offices to a separate business management fund established for the agency’s administrative support expenses. Organizational changes were outlined in NOAA’s FY2004 budget justification, but some were already being implemented in FY2003. Final appropriations for FY2004 for NOAA’s Under Secretary and Executive Offices (P.L. 108-199), were the same as the President’s request under Program Support. However, there is a difference of \$91.3 million between what Congress appropriated for Policy Formulation and Direction (PFD), \$165.7 million, and what the President requested, \$74.4 million.

Aside from conduct of research, and operational programs such as the National Weather Service, Program Support at NOAA consists of three major budget subactivities: (1) Corporate Services (CS), (2) Facilities, and (3) Office of Marine and Aviation Operations (OMAO). The largest differences in FY2004 Program Support, when compared with FY2003 appropriations, are found in the Corporate Services budget line, and reflect realignment of administrative personnel, salaries, and other expenses. Other funding differences reflect changes in the agency’s internal budget accounting, but which tend to shift appropriations within the agency, rather than affect the overall budget totals for NOAA.

One primary reason for the apparent funding differences between the President’s request and Congress’ appropriations relate back to “Truth in Budgeting,” discussed earlier. A review of organizational changes at the agency implemented during FY2003 may help to clarify the reasons for those funding differences, and whether they had any overall impacts on the President’s FY2004 budget submission or final congressional appropriations for FY2004.

Corporate Services

The CS budget funds NOAA Headquarters (HQ) in Silver Spring, MD, and executive offices within the Department of Commerce which administer agency policy, government relations, public affairs, legislative affairs, and internal affairs. These functions are administered by the Office of the Under Secretary for Commerce for Oceans and Atmosphere and associated executive offices.

For FY2003, Congress had capped NOAA’s total administrative expenses at \$243 million, an amount, appropriators noted, sufficient to meet all of NOAA’s mandatory obligations for administrative personnel, including cost-of-living raises

and increases in costs for goods and services due to annual inflation. Partially in response to this congressionally-mandated cap on administrative spending, and also as part of implementing the President's Management Agenda for efficient operations of federal government, the agency implemented an organizational realignment. A realignment of administrative personnel reduced the budget of the Under Secretary and Associated Offices in FY2004; those obligations (salaries, expenses, and FTEs) were transferred to other NOAA line offices, as discussed next.

Legal Counsel. At the beginning of FY2004, NOAA's Office of General Counsel had 84 attorneys working at headquarters in Silver Spring, MD. These employees have been paid by NOAA's Corporate Services, which is part of the Program Support budget. Ten of those attorneys are permanently assigned to, and directly support, the Office of the Under Secretary of Commerce for Oceanic and Atmospheric Research, who is also NOAA's Administrator.

In its FY2004 budget justification, NOAA proposed to transfer salaries and personnel expenses for the other 74 full-time attorneys to the agency's Business Management Fund (BMF), established in FY2003. As such, the attorneys would become administrative support personnel under NOAA's line offices and would report to NOAA's Assistant Administrators (AAs) for Ocean and Coastal Services, Fisheries, Research, Weather Services, and Environmental Satellite and Data Systems, whom they represent in legal practice. The AAs would draw salaries for these attorneys from a separate business line in the BMF, *Policy Formulation and Direction and Facilities (PFD)*.

NOAA estimated that this realignment of attorneys would result in a potential cost savings of about \$8.9 million for the Under Secretary's Office.²² It would also mean that the additional fixed costs for these administrative personnel would be scored against the five line offices, but reimbursed by the BMF.

The FY2004 request for the Under Secretary's Office of \$17.5 million reflected this new structure. The House Appropriations Committee recommended \$25.2 million, the same amount as appropriated in FY2003, to fund all 84 employees under the original structure. The Senate Appropriations Committee adopted the new structure, however. In conference, the House agreed with the Senate recommendation. The final version of the bill therefore tacitly approved the realignment of Legal Counsel. The final funding figure for the Under Secretary's Office was \$17.5 million, the same as requested by the President, but \$7.7 million less than recommended by the House Appropriations Committee.

Office of Program Planning and Integration. As part of NOAA's reorganization plan, in FY2003 NOAA requested funding for OPPI within the Under Secretary of Commerce for Oceans and Atmosphere's Office. Congress appropriated \$2 million for FY2003 to establish OPPI within the Under Secretary's office, but it also had its own budget line under Program Support. OPPI conducts program

²² NOAA's FY2004 budget justification (p. 282) states that 723 administrative FTE salaries would be paid from the NOAA Business Management Fund, a separate budget subactivity under Corporate Services in the FY2004 budget.

analysis and evaluation in response to the President's Management Agenda. A new Assistant Administrator (AA) was appointed to head OPPI, the agency's sixth line office. OPPI's AA coordinates and manages "programs which transcend traditional line offices, through the NOAA 'Matrix' management business model."²³ Other functions include being the sole authority for approving budgets for agency-wide crosscutting programs. The AA is assisted in the budget process by program managers in each of NOAA's five other line offices. However, annual appropriations for Matrix-managed programs are allocated to NOAA's other line offices, where the elements of the program are actually conducted.

Policy Formulation and Development. Since FY2003, all administrative *support* functions at NOAA have come under "Policy Formulation and Direction" (PFD), a new NOAA budget category, which was previously part of the Under Secretary's budget. Administrative support activities under the PFD are diverse and include setting policy and planning objectives for the NOAA budget, developing technologies, procuring administrative support systems, managing program operations and infrastructure, managing budget and finances, and implementing and enforcing federal laws, regulations, and guidelines.

PFD also funds NOAA's portion of the Department of Commerce Central Administrative Management System (CAMS), and the Educational Partnership Program with Minority Serving Institutions, and includes the agency's Chief Information Officer, who is responsible for information technology and managing NOAA's contributions to the interagency High Performance Computing and Communications (HPCC) initiative.

NOAA's Office of Finance and Administration (OFA) comprises the largest section of PFD. In FY2002, Congress authorized a Business Management Fund under OFA's management. (See below.) The OFA pays NOAA's bills, coordinates the annual budget justification, and administers NOAA grant programs. A Central Services component of the OFA manages and coordinates funding requested for NOAA's common infrastructure, acquisition of data and NOAA's funding portion for information systems such as CAMS, human resources, and other obligations shared with the Department of Commerce. There was a funding decrease of \$15.0 million for FY2004 in the PS PAC account, because CAMS funding was transferred to the PFD account in ORF, when NOAA declared CAMS operational.²⁴

Also, for FY2004, \$38.8 million was requested for NOAA's contribution to DOC's *Working Capital Fund* under the PFD, an administrative fund into which all DOC agencies obligate funding annually to cover recurring expenses paid by DOC. That amount was approved by Congress.

²³ These programs include the NOAA Coral Reef Conservation Program (which supports the U.S. Coral Reef Task Force), NOAA's Climate Program, and Ocean Exploration Program, as noted above.

²⁴ In early 2004, CAMS changed from a demonstration project to full operational status under Program Support. ORF funding for FY2004 is \$9.6 million. Another \$6.4 million of CAMS funds would be transferred from PS PAC to the DOC Working Capital Fund.

NOAA Business Management Fund. NOAA's BMF funds most administrative activities at NOAA, including salaries for administrative personnel and NOAA facilities management. The BMF is "activity-based." The AAs of NOAA's line offices now pay for administrative services based on actual usage. Prior to establishment of the BMF, each NOAA line office was "taxed" by NOAA Administration a fixed amount that was considered to be agency "overhead." In essence, an amount of budget authority was taken from each line office's portion of annual funding. In its FY2004 budget justification, NOAA indicated that expenses for 723 administrative full-time-equivalents who work for Policy Formulation and Development (PFD) and NOAA Facilities would be paid out of the BMF. Non-administrative support personnel would continue to draw salaries from their respective AA's line office budget however.

The President requested \$93.9 million for all of Corporate Services for FY2004; however, P.L. 108-199 appropriated \$185.3 million, a difference of \$91.4 million. Both of these amounts are significantly larger than that appropriated in FY2003, \$68.8 million. However, it is important to note that the "overhead tax" imposed on NOAA line offices, and salaries and expenses for administrative support employees, which are now funded by the BMF, effectively more than tripled funding for the PFD budget category for FY2004. This budget action created large total funding differences for CS compared with FY2003, but was a 6.0% increase, compared with the President's FY2004 request for Program Support.

NOAA Personnel Issues

Many of NOAA's stakeholders became concerned about the potential impacts of additional mandatory personnel-related obligations, which President Bush had proposed in his budget submission for FY2004. In particular, the President requested that all Executive Branch employees' mandatory retirement benefits under the old civil service retirement system (CSRS) be scored against the employing agency's budget beginning in FY2004, rather than against the Office of Personnel Management (OPM).²⁵ These stakeholders were apprehensive that by adding new mandatory obligations for funding some NOAA personnel, there would be less discretionary budget authority for NOAA research programs available for FY2004, and in out-years. Congress did not adopt the President's proposal, however.²⁶

Pay Parity and the Seven U.S. Uniformed Services. In the President's FY2004 budget, there was contention over NOAA's Corps of commissioned officers who pilot marine vessels and aircraft. The NOAA Corps is the smallest of the seven U.S. Uniformed Services. Like the Public Health Service (PHS) commissioned officers Corps, the NOAA Corps is not a military service and, therefore, falls under different pay rules than the Army, Navy, Marines, Air Force, and Coast Guard. In

²⁵ The same proposal was made by the Bush Administration in its FY2003 budget submission.

²⁶ NOAA is obligated to fund mandatory medical and other benefits for retired (and future retiring) NOAA Corps Commissioned Officers. These benefits include annual cost of living increases in salaries, housing benefits, moving expenses, and medical benefits for these officers and their dependents.

January 2003, the Office of Management and Budget (OMB) had urged President Bush to request a 2% base pay raise for NOAA's and the Public Health Service's (PHS) Commissioned Officer's Corps, comparable to what was proposed for civilian federal employees, but 2.1% less than the other uniformed services.²⁷

Historically, NOAA and PHS commissioned officers have received the same base pay increases as their counterparts in the five military uniformed services. The pay schedule for NOAA Corps officers is generally modeled on that of the Department of Defense (DOD) for naval officers. Under current law, NOAA commissioned officers can be called into active military duty by the Secretary of Commerce, when ordered by the President.

The vocal supporters of "pay parity" for the NOAA and PHS Corps (with the rest of the U.S. Uniformed Services) have included the Military Officers Association of America (MOAA), an advocacy group for retired military officers. MOAA asserts that equal pay status for the NOAA Corps is warranted, based solely on the merits of their service and nature of risks they may encounter in peacetime or active duty status.

The Director of OMB noted in a letter of March 17, 2003, that, "Given constrained resources, our highest funding priority must be for uniformed personnel combating terrorism and providing for national security."²⁸ Non-military uniformed officers are considered to be in "active duty" status only in times of a declared war or national crisis, in which case they would be compensated in a special pay status. The OMB director's letter stated that when he proposed the 2% raise for non-military commissioned officers in the FY2004 budget, he believed that action was justified because the lower pay raise for NOAA and PHS Corps would be countered by the reduction of out-of-pocket expenses, such as for housing and moving to new duty station at short notice. In testimony on the FY2004 budget, NOAA's Administrator stated that the primary purpose for OMB not recommending raises for the NOAA Corps comparable with the U.S. military was federal budget savings and, as such, he supported the President's directive.²⁹

MOAA, the Commissioned Officers Association (COA, which represents the PHS Corps) and other lobbying groups initiated letter writing campaigns to Congress, asserting that NOAA and PHS commissioned officers often face the same hardships as their counterparts in the military services.³⁰ They noted further that in peace time, many NOAA Corps officers perform the same duties as naval officers working for the U.S. Office of Naval Research. MOAA also cited the NOAA Corps' "invaluable

²⁷ Letter to the President, from Mitchell E. Daniels, Jr., Director, OMB, EOP, Washington, DC, March 17, 2003.

²⁸ *Ibid.*, footnote 13.

²⁹ *Written Statement on the National Oceanic and Atmospheric Administration's FY2004 Budget Request*. Testimony of Vice Admiral Conrad C. Lautenbacher, Jr. (Ret.), Under Secretary [of Commerce] for Oceans and Atmosphere before the Senate Commerce, Science, Transportation Subcommittee on Oceans and Fisheries, March 12, 2003, p. 3.

³⁰ See Commissioned Officers Association of the US PHS, *Call to Action* (Washington, DC: Apr. 4, 2003).

service to the Nation provided in the aftermath of the September 11, 2001, terrorist attacks on the United States.”³¹

Prior to the September 11, 2001, terrorist attacks on the United States, Administration-proposed raises for the U.S. military had frequently been somewhat less than those proposed for civilian federal employees. In such cases, Congress would usually intervene on behalf of the U.S. military forces to ensure that they would receive the same annual cost-of-living increases as civilian employees. After September 11, 2001, that practice appears to have reversed, with higher raises proposed by the Administration for the U.S. military than for civilian employees.³²

Section §601 of the FY2004 Department of Defense Authorization bill, H.R. 1588, as introduced on April 3, 2003, proposed to raise NOAA and PHS commissioned officers’ base pay at the civilian rate of 2%, as the President had requested. The Senate’s position on “pay parity” for the military and civilians was different, however.

On June 6, 2003, the Senate’s version of the FY2004 Defense Authorization bill (S. 1050) was adopted as an amendment to H.R. 1588 in the nature of a substitute. Although H.R. 1588 (amended) still provided the two non-military uniformed services the same raise in base pay as their federal civilian counterparts, the Senate amendment did not specify a percentage increase for either. The President signed H.R. 1588 (P.L. 108-136) on November 24, 2003. Subsequently, the Treasury and Transportation Appropriations bill for FY2004, which was incorporated into the Consolidated Appropriations Act, 2004 (P.L. 108-199), set the base raise for civilian federal employees at 4.1%, the same as the military.³³ Thus, Congress eliminated any difference in base pay raises for NOAA and PHS Corps Officers and the military uniformed services.

Conclusion

Much of the increase in funding for NOAA for FY2004 was provided to make up for what Congress determined were shortfalls in the President’s budget request. Actual increases in NOAA appropriations for FY2004 were directed toward rises in fixed cost-of-living expenses for NOAA employees and retirees, and inflation in costs of the agency’s procurement of goods and services.

In its FY2004 appropriations reports, Congress made it clear that it expected future annual budgets to be presented in a format that is easily understood and whose

³¹ See “Budget Attacks USPHS, NOAA Corps Pay Equity,” *Armed Forces News* (Feb. 14, 2003), and Military Officers Association of America, “Pay Raises Shouldn’t Vary by Services,” *Legislative Update* (Washington, DC: Apr. 25, 2003).

³² For more information on military pay issues see CRS Issue Brief IB10089, *Military Pay and Benefits: Key Questions and Answers*, April 26, 2004.

³³ H.Rept. 108-401, p. 471.

accounting is comparable to that found in Congress' appropriations reports. However, a decentralization of NOAA administration support functions, and the accompanying realignment of NOAA employees, resulted in the transfer of some salaries and expenses from the Office of the Under Secretary of Commerce for Oceans and Atmosphere to NOAA's Business Management Fund (BMF) under the Office of Finance and Administration. While this action did not have an effect on funding overall, and was considered by some NOAA officials to be a shuffling of boxes, those changes have made it more difficult to track the NOAA budget. In addition, an internal management concept introduced in NOAA's FY2003 budget, known as the "Matrix" administration model, added program managers to each of NOAA's line offices. They report to the Assistant Administrator for the Office of Policy, Planning, and Integration (OPPI), who is required to approve funding for NOAA's agency-wide crosscutting programs.

NOAA has also ceased to organize its budget around the agency's seven long-term strategic goals, which were introduced in FY1995, and instead is implementing a recently revised five-year strategic plan — *New Priorities for the 21st Century* — that will focus on four new strategic goals for the agency: 1) ecosystem-based management; 2) climate, 3) weather and water, and 4) commerce and transportation. In any event, NOAA continues to migrate away from its "traditional" annual funding request organized by five line offices and budget subactivities, that is familiar to congressional appropriators.

All of these budget constructs are likely to add more confusion for congressional appropriators during the FY2005 budget cycle. NOAA, however, criticizes Congress' approach to the agency's budget as a "stove pipe" model, and not integrative or reflective of modern business practices.³⁴ In any event, the organization of NOAA's FY2005 budget, which is in part driven by the President's Management Agenda, is different than how Congress historically has considered it. This could evoke further dissatisfaction by some Members of the Appropriations Committees, as did NOAA's FY2004 budget and previous NOAA budgets whose structure and presentation had changed.

³⁴ Briefing of John J. Kelly Jr., Brigadier General (USAF ret.), Deputy Under Secretary for Oceans and Atmosphere, at *NOAA Stakeholder Forum: Moving into the 21st Century* (Washington, DC: April 16, 2004).

Acronyms

(used in this report)

AA -[NOAA] Assistant Administrator	ERLs -[NOAA] Environmental Research Labs
BMF -Business Management Fund	ESA -Endangered Species Act
CAMS -[Department of] Commerce Administrative Management System	FAA -[Department of Transportation] Federal Aviation Administration
CELCP -Coastal and Estuarine Land Conservation Program	FRV -Fisheries Research Vessel
CIO -[NOAA] Chief Information Officer	FTE -Full-Time Equivalent
CJS -Commerce, Justice, State, the Judiciary and Related Agencies Appropriations	GOES -Geostationary Orbiting Environmental Satellite
COA -Commissioned Officers Association	GSA -General Services Administration
CRCP -Coral Reef Conservation (Grant) Program	HPCC -High Performance Computing and Communication
CRS -[Library of Congress] Congressional Research Service	ICAO -International Civil Aviation Organization
CZMF -Coastal Zone Management Fund	IFC -[DOS] International Fisheries Commission
DAS -Deputy Assistant Secretary	IT -Information Technology
DMSP -[Department of] Defense Meteorological Satellite Program	MOAA -Military Officers' Association of America
DOD -Department of Defense	NASA -National Aeronautics and Space Administration
DOS -Department of State	NESDIS -National Environmental Satellite Data and Information Service
E-gov -[President Bush's] Electronic Government [Initiative]	NMFS - National Marine Fisheries Service (popularly, NOAA Fisheries)
EPP-MI -Environmental Public Partnerships with Minority Serving Institutions	NOAA Corps -Commissioned Officers Corps of the U.S. Uniformed Services

NOAA-N, N'-Last in POES series of Satellites

PFD-Policy Formulation and Development

NOAA-R-Next technological upgrade of NOAA Polar Satellites

PHS Corps-Public Health Service Corps of U.S. Uniformed Services

NOS-National Ocean (and Coastal) Service

POES-Polar Orbiting Environmental Satellites

NPOESS-National Polar Orbiting Environmental Satellite System

SEC-Space Environment Center

NWS-National Weather Service

USCRTF-U.S. Coral Reef Task Force

OAR-Office of Oceanic and Atmospheric Research (popularly NOAA Research)

OMAO-Office of Marine and Aviation Operations

OMB-[White House] Office of Management and Budget

OPM-Office of Personnel Management

OPPI-[NOAA] Office of Policy Planning and Integration

ORF-[NOAA] Operations, Research, and Facilities account

OR&R-[NOS] Office of Recovery & Restoration **ORF**-Operations, Research & Facilities

PAC-[NOAA] Procurement, Acquisition & Construction account

PAR-Phased Array [weather tracking] Radar

PCSRF-Pacific Coastal Salmon Recovery Fund

PDAF-Promote and Develop Products for American Fisheries