

CLOSEOUT FOR M92020010

On February [REDACTED] 1992, OIG received a telephone call from [REDACTED], the first complainant and a faculty member at [REDACTED] University. This complainant was concerned about the process by which the [REDACTED] State EPSCoR committee (the committee) had selected preproposals for inclusion in EPSCoR proposal [REDACTED]. The complainant and his colleague, [REDACTED], had submitted a preproposal to the committee, which, although it had received good technical reviews, had not been included in the proposal submitted to the Foundation. The complainant felt that the preproposal evaluation was not based on scientific criteria, and that the criteria were poorly stated. Although asked, this complainant did not provide the additional information needed by OIG to pursue his concerns.

Several months later OIG received a letter sent anonymously by a scientist, presumably a second complainant, working in the state that submitted the proposal. The letter contained several allegations about improprieties by the committee and the people associated with it. The scientist alleged:

- 1 [REDACTED], an ex-NSF employee in the EPSCoR program and the subject, received cash payments in exchange for his assistance in obtaining funds from NSF;
- 2 [REDACTED], an industrial partner in the EPSCoR proposal, had a conflict-of-interest because an employee was on the State EPSCoR committee and the firm was a partner in one of the funded projects; and
- 3 the State EPSCoR committee exhibited cronyism in the selection of preproposals to be included in the proposal submitted to NSF.

OIG determined that there was sufficient information in the second complainant's letter to pursue the allegations described in that document.

With regard to the first allegation OIG was concerned about any possible violation of either NSF's conflict of interest or lobby rules. With regard to conflict of interest OIG found that the subject had not violated any of the applicable post-employment restrictions on representational activities. OIG found that the subject had not, at any time, discussed, or been asked to discuss, the proposal with NSF staff. OIG reviewed the Lobby Certification that accompanied the proposal and found that no-one had been identified as receiving federal or nonfederal funds for the purpose of influencing an agency decision regarding a proposal.

OIG sent a letter to the chairperson of the committee requesting information about possible lobbying activities associated with securing the award that had not been identified in the submitted proposal. After being contacted by a source unidentified to OIG, the subject contacted this office stating that he had not lobbied the Foundation for support for the proposal. Because he had never reviewed the entire proposal it would have been difficult for him to lobby persuasively for its support. He described his activities in connection with the proposal as assisting the state with the preparation of the proposal submission. He agreed to send information demonstrating that he had, for a nominal sum and at the committee's request,

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provided a critical review of one of four program research elements contained in the proposal draft. He stated that he had not contacted NSF and lobbied NSF staff for funds.

Shortly thereafter the committee provided OIG with documentation showing that the subject was one of four individuals who were each paid a nominal sum to review different proposal program elements. Each person was asked for a "hard-line, critical assessment to enable [the committee] to be successful in the NSF review process" and given a list of questions to guide their review. The chairperson stated that no-one, including the individuals asked to review the program elements, had been asked to contact NSF to influence funding decisions. The NSF program officer stated that the subject had not lobbied his program orally or in writing for funds for the project. OIG could not find substance to support the allegation that the subject had violated any of the conflict-of-interest rules or lobby restrictions pertinent to the NSF proposal and award system. It appears that the proposal forms with regard to lobbying were properly executed and submitted.

With regard to the second allegation OIG found that EPSCoR awards are designed to bring academic science and engineering efforts within the recipient state to nationally competitive levels and emphasize linkages between state institutions, major research institutions, government laboratories, and industry. The proposals must include significant industrial involvement. A substantial portion of the award's funds must come from other than Federal government sources; NSF's contribution is limited to a maximum of \$1.5M a year for no more than three years.

The budget materials and personnel assignments submitted with this proposal showed that the firm in question provided funds for a specific program element whose research directly related to its field of business. Part of the funds was in the form of in-kind support in personnel and facilities for research. The remainder of the funds pledged by this firm came from professional organizations with which the firm was associated. One member of the firm's management team is the Chairman of the state's EPSCoR advisory committee which oversees the efforts of all EPSCoR projects supported by six federal agencies. Another member is the chairman of a subcommittee that oversees another federal agency's EPSCoR award. With regard to the allegation the participation of the firm's employees in the management of the state EPSCoR efforts and the firm's participation in one of the program elements supported by the NSF award are wholly appropriate and expected. OIG could find no evidence that the firm had illegitimately profited from the award. OIG concluded that the second allegation did not have substance.

With regard to the third allegation, OIG found that the complainant and his colleague had sent a letter to [REDACTED] NSF detailing their concerns with the State selection procedure. Part of the complainant's and colleague's problem stemmed from their perception that funding from the EPSCoR program was similar to open, unsolicited proposal competition so that any scientist in the state could apply for funds from the EPSCoR grant once it had been awarded to the state. The [REDACTED] responded to the complainant and his colleague describing the EPSCoR program and the expectations for EPSCoR research projects thus:

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the Foundation can not and will not intervene with the final selection process used to choose research areas for EPSCoR participation. EPSCoR is a State-based program and the [NSF] can not dictate State and institutional research priorities beyond the fact that all research supported by EPSCoR must meet NSF and national standards of excellence; have the potential to become nationally competitive for Federal R&D funding; and be consistent with State and institutional priorities.

NSF staff immediately notified the committee and the state director of the NSF EPSCoR program of their concerns about this allegation. The state director immediately contacted the complainant and his colleague to explain the goals of the program and suggested appropriate changes in the state mechanisms to alleviate their remaining concerns.

OIG determined that this allegation was not an issue for NSF; it was an internal matter for the committee. The committee, once alerted, took appropriate action to relieve the complainant's and his colleague's concerns.

OIG concluded that the allegations had been based on the complainant's and colleague's incomplete understanding of the EPSCoR program and a misunderstanding of the function of the state committee. OIG could not find substance to any of the allegations and therefore closed this case.



cc: Signatories
Inspector General