



# Report in Brief

September 25, 2024

## Background

The National Institute of Standards and Technology's (NIST's) Hollings Manufacturing Extension Partnership (MEP) is a national network of MEP Centers—one in every state and Puerto Rico—that provide any U.S. manufacturer assistance with improving production processes, upgrading technological capabilities, and facilitating product innovation.

NIST makes federal financial assistance awards in the form of cooperative agreements to state, university, and nonprofit organizations to operate Centers. However, renewal funding for each Center is contingent, in part, upon successful reviews and evaluations of its operations, including its performance. NIST principally monitors MEP's performance through economic impact surveys completed by a Center's clients. The intent of the survey is to capture quantified impacts on a client's employment, sales, investment, and cost savings that occurred over the last 12 months, as a result of the services received.

NIST uses economic impacts from survey responses not only to monitor Center performance but also to gauge MEP's overall success. NIST reports MEP's economic impacts publicly in various ways, including to Congress, which uses the information to make annual funding decisions regarding MEP appropriations.

## Why We Did This Evaluation

The evaluation objective was to determine whether NIST's MEP effectively monitored and evaluated economic impact reporting.

## NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY

### NIST Overstated MEP's Economic Impacts to Congress and Other Stakeholders

OIG-24-037-I

#### WHAT WE FOUND

NIST's inadequate oversight of the MEP economic impact reporting process resulted in inaccurate and unreliable economic impacts. Specifically, we found that:

- I. MEP's FY 2022 economic impacts are unreliable, including 48 percent of the total sales reported by Centers we reviewed.
- II. NIST overstated MEP's return on investment from FYs 2020 to 2023—notably by 34 percent in FY 2020.
- III. Centers require clients to take MEP surveys, contrary to federal directive.

#### WHAT WE RECOMMEND

We recommend that the Under Secretary of Commerce for Standards and Technology and the Director of NIST do the following:

1. Revise MEP's economic impact reports for FYs 2022 and 2023 and other references to economic impacts on MEP's website attributable to the Centers we reviewed; in addition, disclose MEP's reported economic impacts may be based on inaccurate data and therefore their reliance and use should be limited.
2. Establish procedures for NIST personnel to ensure data reliability (reasonably free from error and bias), including but not limited to (1) formal policies requiring staff to diligently review significant impacts for accuracy and connection to services provided by Centers and (2) techniques to analyze survey data for anomalies before it is finalized.
3. Establish and implement procedures for Centers and subrecipients to (1) comply with NIST guidelines and (2) ensure data reliability (reasonably free from error and bias), including but not limited to techniques that hold Centers accountable, such as including consequences for noncompliance and certification of Center executives confirming integrity, independence, and due diligence that the reported economic impacts represent what they are intended to: actual economic benefits realized over the last 12 months that are attributable to the services provided.
4. Establish procedures that hold Centers accountable for monitoring subrecipient compliance with NIST survey guidelines and ensuring data reliability (reasonably free from error and bias), including consequences for noncompliance.
5. Revise MEP's economic impact reports for FYs 2020 through 2023 to (1) accurately reflect NIST's return on investment and (2) clearly articulate that total federal investment does not include other federal funding sources that may contribute to reported economic impacts.
6. Establish procedures for NIST personnel to ensure future economic impact reports accurately reflect NIST's return on investment.
7. Direct MEP to immediately remove from NIST reporting guidelines statements that currently direct Centers to write the expectation of completing the MEP survey into contracts.
8. Direct MEP to immediately direct Centers and their subrecipients to remove contract clauses requiring clients to take the MEP survey.