

GAO Highlights

Highlights of [GAO-15-769T](#), a testimony before the Subcommittee on Commerce, Manufacturing, and Trade, Committee on Energy and Commerce, House of Representatives

Why GAO Did This Study

Congressionally authorized research and promotion programs, also known as check-off programs, may be established under federal law at the request of their industries. These programs are designed to increase the success of businesses that produce and sell certain commodities, such as milk and beef. To fund such programs, producers set aside a fraction of the wholesale cost of a product and deposit the monies into a common fund.

In June 2010, GAO reported on two such programs, PERC and NORA, for the propane and oilheat industries ([GAO-10-583](#)). Legislation is currently being considered for a check-off program for the concrete and masonry industry. For this testimony, GAO focused on (1) mandatory functions and priorities for PERC and NORA programs and projects, (2) whether PERC and NORA activities were covered by certain legal requirements, and (3) federal oversight of PERC and NORA. For the 2010 report, GAO reviewed relevant laws, financial statements, annual reports, meeting minutes, and other reports. GAO also interviewed officials from the departments of Energy and Commerce and the private sector. GAO updated legislative information in July 2015.

GAO's June 2010 report suggested that Congress consider clarifying certain requirements and specifying priority ranking, expenditures, and a DOE oversight role. When Congress reauthorized NORA in 2014, it amended the Oilheat Act by, among other things, taking actions on GAO's suggestions.

View [GAO-15-769T](#). For more information, contact Frank Rusco at (202) 512-3841 or ruscof@gao.gov.

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CHECK-OFF PROGRAMS

Observations from the Propane and Heating Oil Programs

What GAO Found

As GAO reported in June 2010, the Propane Education and Research Act of 1996 (the Propane Act) and the National Oilheat Research Alliance Act of 2000 (the Oilheat Act), which authorized the establishment of the Propane Education and Research Council (PERC) and National Oilheat Research Alliance (NORA), specified the following areas as mandatory functions and priorities:

- **Research and development:** The Propane Act requires PERC to develop programs for research and development of clean and efficient propane utilization equipment. The Oilheat Act directs similar oilheat-related research and development and directs NORA to fund demonstration projects.
- **Safety and training/education and training:** Both acts require development of programs to enhance consumer and employee safety and training. PERC refers to this area as “safety and training,” and NORA refers to it as “education and training.”
- **Public/consumer education:** The Propane Act directs PERC to develop projects to inform and educate the public about safety and other issues associated with the use of propane. Similarly, the Oilheat Act directs NORA to develop programs that provide information to assist consumers and other persons in making evaluations and decisions regarding oilheat. Such activities have included developing radio, television, and print advertising.

To fund their operations, the acts require PERC and NORA to assess each gallon of odorized propane gas or heating oil sold at \$0.004 and \$0.002, respectively.

GAO found that some PERC and NORA activities appeared to meet the requirements of the acts, but certain other activities raised issues. For example, activities involving Congress or politically affiliated entities raised issues about whether they were covered by the acts' specific lobbying restrictions. Even if these activities were permitted, issues remained about whether Congress anticipated that assessment funds would be used to fund them, particularly when PERC and NORA classified this spending as “consumer education”—one of the functions required by the acts. Other issues GAO identified related to whether Congress anticipated that PERC and NORA would allocate the majority of their funding to education activities over the past decade (more than half), while allocating relatively little financial support to research and development (8 percent for PERC and less than 6 percent for NORA). When the laws were debated and before they were enacted, research and development had been a key area of congressional interest and ultimately was reflected as both a mandatory “function” and a high-focus “priority” in the final version passed by Congress.

GAO found limited federal oversight of PERC and NORA. As of June 2010, the Department of Energy had not used the oversight authority granted by the Propane and Oilheat acts, such as by reviewing budgets or making recommendations to PERC and NORA, as authorized by law. This lack of oversight was long-standing. For example, in a 2003 report GAO had found that DOE's oversight of PERC was lacking and recommended corrective action.