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STATEMENT OF
JAMES DUFFUS III, SENIOR GROUP DIRECTOR
RESOURCES, COMMUNITY, AND ECONOMIC DEVELOPMENT DIVISION
BEFORE THE
SUBCOMMITTEE ON FOSSIL AND SYNTHETIC FUELS
HOUSE COMMITTEE ON ENERGY AND COMMERCE
ON
INFORMATION ON BUDGET REDUCTIONS IN
ENERGY INFORMATION ADMINISTRATION PROGRAMS

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to provide information on budget reductions in Energy Information Administration (EIA) programs.

My testimony is based on the work done at your request, Mr. Chairman, for information on EIA budget reductions which occurred from fiscal year 1981 to fiscal year 1984. It addresses the effects of those reductions on six EIA programs--the Residential, Nonresidential Buildings, and Industrial Energy Consumption Surveys; the State Energy Data System; the Energy Emergency Management Information System; and the Middle Distillate Monitoring Program.

We expect to issue a report to you on the results of our work very soon. My testimony will summarize that work. First, however, I thought it might be useful to provide a brief overview of EIA budget reductions since fiscal year 1981.

EIA BUDGET REDUCTIONS

Since fiscal year 1981, EIA's budget has been reduced by nearly 38 percent, from $90 million in fiscal year 1981 to $56 million in fiscal year 1984. Its staff has been reduced by more than 300 or about 41 percent.

To adjust for budget reductions, EIA consolidated or eliminated a number of its activities and programs. For example, in its 1982 annual report to the Congress, EIA reported that it eliminated mid- and long-term energy supply and demand forecasts and eliminated or reduced activities for maintaining the quality of the data.

Even though changes have been made to adjust for the budget reductions, EIA has been able to spend more moneys than appropriated in fiscal years 1983 and 1984. In fiscal years prior to 1983, EIA's expenditures were less than its obligations. During that time, EIA built up a large balance of carryover funds. Carryover funds arise from funds obligated during 1 fiscal year to be expended for contract services carried out over 2 or more fiscal years. EIA normally contracts for services on a multi-year basis.

As of September 30, 1982, carryover funds totaled about $39 million. With these funds, EIA's expenditures in fiscal year 1983 were about $10 million more than appropriated. In fiscal year 1984, EIA expects expenditures to be about $6 million more than appropriated.

EFFECT OF BUDGET REDUCTIONS

The remainder of my statement will summarize the results of our work on six EIA programs. Two of the six programs we reviewed

were unaffected by the budget reductions. The Energy Emergency Management Information System was suspended in January 1983, but the basic information it contained is collected in another EIA data system. The decision to suspend the program was reached prior to the fiscal year 1981 reductions. The other program, the Middle Distillate Monitoring Program, was terminated when the legislative requirement for the program expired in July 1983. EIA, nevertheless, collects data on the supply of middle distillates, such as heating oil and kerosene, as part of its overall responsibilities to maintain data on energy resources.

For the remaining programs we reviewed, we did not evaluate the priorities that EIA used to make reductions to these programs, nor did we attempt to determine the appropriate budget levels for the programs. In three of the four programs, budget reductions have resulted in reduced data reliability. Data reliability was reduced because (1) survey sample sizes were reduced, (2) survey universes were not updated, or (3) surveys were conducted less frequently. In the fourth program, data collection will be significantly reduced through the elimination or suspension of two surveys. We did not assess the impact of the changes to the four programs on users of the data.

Generally, when the size of a sample is reduced, the survey's standard error increases, thereby decreasing the data's reliability. The standard error is a measure of the expected difference between the sample and the characteristics of the universe. In addition, if the survey universe is not updated to account for changes in its characteristics, the resulting data that are

collected may not be useful, regardless of the validity of the responses to the survey or the accuracy of the sample on which it was based. Furthermore, when the frequency of data collection is reduced, users have less current information available.

The Residential Energy Consumption Survey

The Residential Energy Consumption Survey is a nationwide survey of household energy consumption and expenditures, which was conducted annually from 1978 through 1982 and is planned to be conducted again in 1984. The survey, which cost about $1.3 million in 1982, measured factors affecting residential energy consumption, such as size of houses, number of residents, and types of fuel consumed.

As a result of the budget reductions, the survey's sample size was reduced by about 1300 households; the survey was not conducted in 1983; and until fiscal year 1984, funds were not available to update the survey's universe by incorporating final 1980 census data. EIA estimates that the cost to update the universe and restore the sample size would be about $600,000.

Also, because of limited funds EIA was not able to make improvements to the survey. For example, EIA believes it should obtain better estimates of energy consumed by residents of master-metered apartment buildings where one meter measures all energy consumed throughout the building. EIA currently estimates energy consumption for residents in master-metered apartments based on energy used in individually metered apartments in similar buildings. In 1981, EIA determined that these estimates were in error by as much as 50 percent. EIA estimates it would cost about

$100,000 to develop an improved methodology for estimating apartment energy consumption in master-metered buildings.

In addition, EIA believes it should obtain information on energy savings due to the installation of household energy conservation measures. EIA estimates that about $335,000 would be needed to obtain this information.

Nonresidential Buildings Energy Consumption Survey

The Nonresidential Buildings Energy Consumption Survey is a nationwide survey of energy consumption and expenditures in nonresidential buildings. The survey was conducted in 1979 at a cost of $1.6 million and in 1983 at a cost of $1.3 million. The 1979 survey was EIA's first attempt to collect information on nonresidential energy consumption and expenditures. The follow-up survey in 1983 provided comparative data for these buildings.

As a result of budget reductions, EIA has not updated the universe of nonresidential buildings from which the two previous survey samples were selected. The two surveys were based on 1970 census data. EIA needs to update the universe for the next survey to incorporate changes to some of the primary characteristics of the universe, such as the buildings' size and location.

Budget reductions have also caused EIA to change its data collection procedures for the nonresidential buildings survey. In 1979, EIA used personal interviews to collect survey data. In 1983, it used telephone interviews which are less expensive but also less reliable than personal interviews. In addition, EIA has not had sufficient funds to verify responses, and when needed, obtain more detailed information from respondents.

Budget reductions also threaten the timely completion of the next nonresidential buildings survey, which is planned for 1986. EIA officials responsible for the survey said that the survey should be conducted at least every 3 years to ensure that the data is both current and useful.

EIA estimates that about $270,000 would be needed in fiscal year 1984 to plan for the 1986 survey. However, funding was not included in the fiscal year 1984 budget, and no funds were included in EIA's fiscal year 1985 budget request. EIA estimated that it would cost about $1 million to update the universe to the 1980 census data and an additional $1.5 million to conduct the next survey.

EIA also believes it should expand the scope of the survey to include other nonresidential energy use, such as nonresidential transportation, street lights and water and sewer systems. Nonresidential transportation alone accounts for about 13 percent of total energy consumption. Because of limited funds, the feasibility studies to plan and estimate the cost for this improvement will not be conducted.

Industrial Energy Consumption Survey

EIA currently does not perform the Industrial Energy Consumption Survey. From 1978 to 1981, EIA funded the Census Bureau's Annual Survey of Manufacturers from which EIA obtained industrial energy consumption data. This annual survey, which cost about $670,000, was discontinued in 1981 due to EIA's budget reductions.

EIA plans to conduct an Industrial Energy Consumption Survey in 1986 at an estimated cost of $1.2 million. Planning is underway for this survey for which $230,000 was allotted in fiscal year 1984. EIA estimated that an additional $100,000 is needed to develop a universe. However, no funds for the survey were included in EIA's fiscal year 1985 budget request.

State Energy Data System

The State Energy Data System produces annual estimates of state energy consumption. Unlike surveys which collect raw data, this System collects its data from other EIA surveys and data systems.

Our work showed that significant changes had occurred in the State Energy Data System because of budget reductions. In October 1983, EIA suspended EIA Form 172, Sales of Fuel Oil and Kerosene, because of budget reductions and concern about the quality of the data and respondent burden. By 1985, EIA plans to update the survey's universe. In October 1983, EIA also terminated EIA Form 174, Sales of Liquefied Gases and Ethane, because of budget reductions and concern about the quality and usefulness of the data. Together, EIA Forms 172 and 174 collected about 40 percent of the System's petroleum data. After we completed our work, EIA's fiscal year 1985 budget request proposed the elimination of this system.

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Mr. Chairman, this concludes my statement. We will be pleased to respond to your questions.