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 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 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.

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.

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