



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

MAY 2 2011

**MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
DIRECTOR, OPERATIONAL TEST AND EVALUATION
ASSISTANT SECRETARY OF DEFENSE (NETWORKS AND
INFORMATION INTEGRATION)
DIRECTOR, NATIONAL SECURITY AGENCY**

**SUBJECT: Federally Funded Research and Development Center (FFRDC) Management
Plan and Associated "How-to-Guides"**

In my December 9, 2010, memorandum to you regarding FFRDCs, I emphasized the high value FFRDCs provide to the Department. They exist to perform the mission of providing the Department with unique capabilities in many areas where the government cannot attract and retain personnel in sufficient depth and numbers. FFRDCs operate in the public interest, free from organizational conflicts of interest, and can therefore assist DoD in ways that industry and for-profit contractors cannot. Our FFRDCs maintain long-term capability in core competencies in domains that continue to be of great importance to the Department, such as analysis, engineering, acquisition support, and research & development. FFRDCs are immensely valuable capabilities, and the Department should use all means legally available to preserve and strengthen them.

Given the special relationship embodied in FFRDCs, I view them as a vital component of the overall acquisition workforce, along with the government's acquisition workforce and the for-profit contractor expertise. All three are critical to a strong acquisition process. In using FFRDCs, we must take advantage of their freedom from organizational conflicts of interest and of their long-term capabilities that are not available to us elsewhere. I urge you to focus them on the Department's most pressing matters, and educate your workforce to the unique capabilities this resource brings to the Department.

As further reinforcement of my desire to increase the benefit FFRDCs bring to the Department, I am issuing the attached revised FFRDC Management Plan (TAB A) that provides improved clarity to better assist your oversight and management of the FFRDCs you sponsor. I am also releasing How-to-Guides (TAB B) that provide detailed guidance in areas that frequently present procedural questions and challenges.

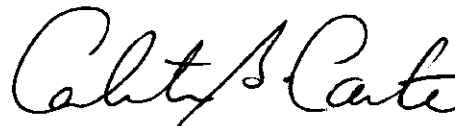
There are topics requiring additional work that will be addressed in subsequent How-to-Guides such as overarching FFRDC Non-Disclosure Agreements, recognition and handling of FFRDC employees deploying overseas, and Post-employment Restrictions for

FFRDC employees that return from DoD Intergovernmental Personnel Act (IPA) "detail" assignments. Further, I will update topics in the attached How-to-Guides as needed.

Finally I would note that several changes were made in this FFRDC Management Plan to emphasize the long-term, strategic nature of the relationship between the Department and the FFRDCs. This plan contains a change in wording on the typical period of performance for FFRDC contracts compared to the May 2003 version of the Plan. This wording change does not reflect a change in law or policy, rather it connotes that, consistent with current law and regulation, the long-term strategic relationship between the FFRDC and their respective sponsor should be addressed in the sponsoring agreement.

I have directed my organization to incorporate this guidance into policy and regulation, where appropriate. The updated management plan will serve as my official guidance until we modify applicable directives, instructions and regulations.

I appreciate your support in disseminating this guidance within your organization. Questions may be referred to Mr. Mark E. Krzysko at (703) 845-2192 or by-mail at mark.krzysko@osd.mil.



Ashton B. Carter

Attachments:
As stated

cc:
SAEs
Director of Program Analysis and Evaluation (Army)
Chief of Naval Operations (N-81)
Assistant Secretary of the Air Force (Acquisition)
Director, National Security Agency (FFRDC Chairperson)
Director, Acquisition Resources and Analysis

**DEPARTMENT OF DEFENSE FEDERALLY FUNDED RESEARCH AND
DEVELOPMENT CENTER MANAGEMENT PLAN
(April 25, 2011)**

A. APPLICABILITY AND SCOPE

This Plan provides guidance and procedures for the management, oversight and use of Department of Defense (DoD) sponsored Federally Funded Research and Development Centers (FFRDCs). It supersedes the DoD FFRDC Management Plan of May 15, 2003, and any previously issued plans. References and Definitions for this Plan are in Appendices A & B.

B. INTRODUCTION

FFRDCs were established to perform the mission of providing the Department with unique capabilities in the many areas where the government cannot attract and retain personnel in sufficient depth and numbers. FFRDCs operate in the public interest, free from organizational conflicts of interest, and can therefore assist DoD in ways that industry, non-profit contractors that work for industry, and for-profit contractors cannot. Our FFRDCs maintain long-term capability in core competencies in domains that continue to be of great importance to the Department, such as analysis, engineering, acquisition support, and research & development. FFRDCs are immensely valuable capabilities, and the Department should use all means available to preserve and strengthen them.

Over the years FFRDCs have been significant contributors to maintaining the superiority of United States forces. FFRDCs perform work that is within the FFRDCs' purpose, mission and general scope of effort as established by DoD.

DoD uses FFRDCs through contracts with universities or privately organized, not-for-profit corporations and acquires their capabilities in accordance with 10 U.S.C., 2304(c)(3)(B); Part 35.017 of the Federal Acquisition Regulation (FAR); and Part 235.017 of the DoD Federal Acquisition Regulation Supplement (DFARS).

Today, seven (7) FFRDC Parent Organizations manage and operate FFRDCs (see Appendix C) for DoD. FFRDCs operate with the management flexibility necessary to attract and retain high-quality personnel that provide an independent perspective on the critical issues.

Due to the importance and unique status of FFRDCs, the DoD must ensure their use is optimal and appropriate and that effective guidance and procedures are implemented to manage and oversee this unique capability. That is the purpose of this Plan.

C. OPERATING GUIDELINES and PROCEDURES

1. Strategic Relationship. FFRDCs operate in a strategic relationship with their Sponsors and Users. The strategic relationship enables FFRDCs to develop and maintain in-depth

knowledge of their Sponsors' and Users' programs and operations. The strategic relationships have the following characteristics:

- a. FFRDC Parent Organizations and their Sponsors commit to a stable and long-term relationship. As such, FFRDC Sponsors should employ contracting methodologies that provide the strongest long-term strategic relationships with FFRDC Parent Organizations consistent with law and regulation. The Sponsor will strongly consider a five-year contract with the FFRDC's Parent Organization.
 - b. FFRDCs have access, beyond that which is common to the normal contractual relationship, to Government and contractor information, including sensitive and proprietary information, and to employees and facilities. In most cases, FFRDC organizations or employees shall be required to arrange for special access and sign non-disclosure agreements. Access to information will be in conformance with statute, regulations and DoD information policies.
 - c. FFRDC Parent Organizations are required to conduct business in a manner befitting their special relationship with the Government, to operate in the public interest with objectivity and independence, and to be free from organizational conflict of interest. FFRDCs and their Parent Organizations must avoid actual or perceived conflicts of interest and accept stringent restrictions on their scope, method of operations, customer base, and the kinds of efforts they can undertake either for their Sponsors or for other Users. Each FFRDC Parent Organization is required to establish and implement an organizational and personal conflict of interest policy for the FFRDC and its personnel. General guidance on this matter is to be provided by the FFRDC's Sponsor and contracting office.
2. Performance of Work. Sponsors shall incorporate instructions in the respective Sponsoring Agreement to provide guidelines for the performance of work by FFRDCs and Parent Organizations. In assigning work to an FFRDC, the Sponsor should only assign tasks which take advantage of the core capabilities and unique characteristics of the FFRDCs and which strengthen the long term relationship with them. Such work should take priority over other work for which they are eligible.
- a. FFRDC Core Work: A DoD FFRDC may only perform core work as defined in its core statement and in accordance with the following guidelines:
 - (1) All work must be approved by the FFRDC Sponsor.
 - (2) Work may only be accepted from DoD, other Government entities, state and municipal governments, and not-for-profit activities.
 - (3) Work for non-DoD Users should not impair the FFRDC's ability to perform work for its DoD Users.
 - (4) No commercial work may be accepted by a DoD FFRDC.

- b. Non-FFRDC Work: FFRDC Parent Organizations operating DoD FFRDCs may perform non-core work subject to Sponsor review and based on the following criteria:
- (1) Except in the case of universities operating DoD FFRDCs, non-FFRDC work should be in the national interest.
 - (2) Non-FFRDC work shall not undermine the independence, objectivity, or credibility of the FFRDC by posing an actual or perceived conflict of interest, nor shall it detract from the performance of FFRDC work.
 - (3) Non-FFRDC work shall not be acquired by taking unfair advantage of the Parent Organization's operation of its FFRDC(s) or of information that is available to the Parent Organization only through its FFRDC(s).
 - (4) Non-FFRDC work may be done for public sector and not-for-profit entities.
 - (5) Except in the case of universities operating DoD FFRDCs, commercial work shall not normally be accepted. The Sponsor may grant an exception for efforts that result in non-proprietary deliverables and do not exclusively benefit any individual for-profit entity. However, should the Sponsor grant an exception, such work must be performed on a non-exclusive basis and be of benefit to the purpose and mission of the FFRDC.
 - (6) Each FFRDC Sponsor should periodically assess the non-core work performed by the Parent Organization to ensure that it is not impairing the FFRDC's ability to perform its FFRDC core work.
- c. Technology Transfer Activities. Sponsoring Agreements and contracts may include authority for FFRDCs to participate with industry in technology transfer activities. Sponsors must include adequate safeguards to ensure the FFRDC and its personnel remain free of organizational and personal conflicts of interest and that the conditions for establishing and maintaining the FFRDC are not compromised. The safeguards should include specific review and approval of technology transfer work by the Sponsor on a case-by-case basis, in advance of any technology transfer work. The safeguards will identify the specific review and approval criteria and be included in each FFRDC Sponsoring Agreement. These criteria must ensure that the technology transfer activity will not negatively impact the FFRDC's core work, does not pose a real or perceived conflict of interest, is fully consistent with the mission, charter, and core competencies of the FFRDC, and is in full consonance with the policies of the Sponsor and DoD policies governing technology transfer.
- d. Exceptions. Requests for work performance exceptions (FFRDC core and non-core) shall be directed to the Sponsor, and to the Office of the USD(AT&L) as necessary.
3. FFRDC Level of Effort.

- a. DoD-funded Work. Staff Years of Technical Effort (STE) shall be used in sizing and managing DoD-funded FFRDC work. STE will provide a standard measure across all DoD FFRDCs for projecting DoD workload and funding requirements. See Appendices B & D.
 - b. Non-DoD Funded Work. DoD STE allocations do not apply.
4. FFRDC Fee. DoD relies upon Parent Organizations of its FFRDCs to operate the FFRDCs as strategic assets of the Department, consistent with the needs of individual Sponsors and Users. The Parent Organization must accept that responsibility and the policy restrictions attendant to the FFRDCs. In return, DoD does its best to assure that the Parent Organizations are provided sufficient resources to operate FFRDCs in an economically sound manner, with due regard to both present and future needs. Ordinary and necessary expenses incurred in the operation of the FFRDC must be recoverable as cost or fee, and the Parent Organization must be given the flexibility to apply contemporary best practices in investing in the human resources, technology, technical excellence, and physical facilities available to the FFRDC. FFRDCs and their Parent Organization must have the financial flexibility to invest in their future in order to best serve DoD needs.

Since FFRDCs are strictly limited by the DoD in the types of work they may perform, their sources of funds available to pay costs normally incurred by a business, but not reimbursed under Government cost-type contracts, are limited. As a result, fees for FFRDC work may be appropriate, as specified in DFARS 215.404-75, entitled *Fee Requirements for FFRDCs*. The appropriateness of paying fees to a DoD FFRDC should be in the contract and their Sponsoring Agreement. When fees are authorized, the FFRDC shall use the guidelines in Appendix E to determine the amount needed.

D. RESPONSIBILITIES

1. The Under Secretary of Defense for Acquisition, Technology & Logistics shall:

Establish and promulgate FFRDC procedures.

Establish an annual STE ceiling and a funding allocation ceiling for each FFRDC, consistent with DoD requirements, priorities and strategy.

Chair an annual meeting with DoD Sponsors to discuss operations, priorities, potential efficiencies, collaboration opportunities and other topics, as appropriate.

Review and approve all comprehensive reviews for FFRDCs prior to a contract renewal decision.

2. Secretaries of Military Departments/DoD Components that Sponsor DoD FFRDCs shall:

Establish annual governance procedures to monitor the value, quality, and responsiveness of FFRDC work.

Ensure all work performed by the FFRDC is core work and within the annual allocation of STE.

Review and approve FFRDC core work statements.

Ensure appropriate contract support for the timely processing of all contract documents (including work orders) and funding.

Present requests with appropriate justification to the USD(AT&L) for deviations from or exceptions to the established ceilings for any specific FFRDC.

Prioritize and align work to overall DoD priorities ensuring coordination with Users and operating entities.

Convene an annual Sponsor/User meeting to align prospective work to DoD priorities, needs, and opportunities for collaboration among government organizations.

Comply with the reporting requirements identified in Appendix F.

Ensure that Sponsor's/Users provide FFRDCs access to information necessary for FFRDC work.

3. FFRDC Parent Organizations shall be required to:

Develop a governance model that establishes rigorous processes for oversight and management of the FFRDC. This governance model shall require a governance body to monitor the focus, quality and value of the FFRDC's body of work and to further ensure that the requirements detailed in this FFRDC Management Plan are properly executed. The governance body shall meet at least annually. The governance model will also include the requirement for an annual program plan to be submitted by the FFRDC in a manner consistent with the review timeline of their governance body. While the Plan should be submitted on an annual basis, the period it covers may extend for more than a single year.

E. EXECUTION

1. **Core Statement:** Sponsors of FFRDCs shall maintain a current core statement that includes a description of the mission, general scope of effort, and core competencies that the FFRDC must maintain to best support the Sponsor's mission. This statement must provide enough specificity to allow a determination of whether the work is within scope of the FFRDC. The core statements of the FFRDC and any changes to these statements must be approved by USD (AT&L).

2. Sponsoring Agreements: Sponsors of FFRDCs shall maintain Sponsoring Agreements. The term of the agreement will not exceed five (5) years, but can be renewed following a Comprehensive Review, in increments not to exceed five (5) years. The specific content of these agreements will be tailored to the specific FFRDC. Sponsors may supplement Sponsoring Agreements with operating instructions. At a minimum Sponsoring Agreements must include the following:

Provisions for the orderly termination or nonrenewal of the FFRDC contract, disposal of assets, and settlement of liabilities. The responsibility for capitalization of the FFRDC must be defined in such a manner that ownership of assets may be easily determined upon termination of the FFRDC relationship with its Sponsor.

Except as provided in DFARS 235.017-1, FFRDCs are prohibited from competing with any non-FFRDC in response to a formal Request for Proposal other than the operation of an FFRDC contract. This prohibition does not apply to any Parent Organization in its non-FFRDC operations.

A determination of whether the FFRDC may accept work from other entities outside the Sponsor. If an FFRDC can accept Non-Sponsor work with Sponsor approval, the agreement will include a description of the procedures to be followed, along with any limitations on the type of engagement partners (e.g., other Federal agencies, State, local or foreign governments, or not-for-profit organizations) permitted.

A description of the procedures used to assess FFRDC performance annually. As a minimum, technical quality, responsiveness, value, cost and timeliness will be assessed and feedback provided to the FFRDC. The FFRDC will provide a plan to the Sponsor to resolve unsatisfactory performance in any area.

3. Comprehensive Review: At a minimum, the Sponsor shall conduct a comprehensive review of the FFRDC every five (5) years. The FFRDC should comply with the guidelines in Appendix G and FAR 35.017, *Federally Funded Research and Development Centers*. Sponsors should follow the guidelines to ensure consistency and thoroughness in the review process within the DoD.
4. Reports: USD (AT&L) requires reports to comply with Congressional reporting requirements and to perform necessary oversight functions and responsibilities. The schedule and content of reports and other submissions currently required are shown in Appendix F.

F. EFFECTIVE DATE

This DoD FFRDC Management Plan, dated April 25, 2011, is effective upon approval by the USD(AT&L), superseding the DoD FFRDC Management Plan that became effective on May 15, 2003.

APPENDIX A

REFERENCES

1. 10 U.S.C. 2304(c)(3)(B)
2. FAR Part 35.017, *Federally Funded Research and Development Centers*
3. DFARS Part 235.017, *Federally Funded Research and Development Centers*
4. 10 U.S.C. 2367
5. Section 8026 of the FY2010 DoD Appropriations Act and similar sections of future DoD Appropriations Acts

APPENDIX B

DEFINITIONS

Contracting Activity: The DoD organization that awards an FFRDC contract(s).

Core Work: Tasks performed pursuant to an FFRDC contract that are consistent with the identified mission, purpose, capabilities, requirements and core competencies of the FFRDC.

FFRDC: An organizational structure consisting of personnel, who are assigned by the FFRDC Parent Organization to perform core work, under the FFRDC contract, and which is referred to in the FAR and in this Plan as a “center.”

FFRDC Contract: The legally binding instrument under which the FFRDC performs core work

FFRDC Parent Organization: The organization that administers and contracts with the DoD contracting activity for the FFRDC capability.

Non-FFRDC Work: Tasks performed by the FFRDC Parent Organization that are outside core work of the FFRDC.

Non-Sponsor: Any non-DoD organization, in or outside the Federal Government, which funds specific work to be performed by the FFRDC and is not a party to the Sponsoring Agreement.

Research & Development (R&D) Laboratory FFRDC: A category of FFRDC that fills voids where in-house and other private sector research and development centers are unable to meet DoD core area needs as effectively. These FFRDCs are to maintain over the long-term competencies in technology areas where the Government cannot rely on in-house or other private sector capabilities. When the Sponsoring Agreements so provide, these FFRDCs are encouraged to transfer important new technology to the private sector so that the Government can benefit from a wider, broader base of expertise.

Sponsor: The DoD organization responsible for implementing FFRDC management guidance and procedures for oversight and use of an FFRDC. Appendix C identifies the Sponsors.

Sponsoring Agreement: A written agreement of sponsorship between the Sponsor and the FFRDC Parent Organization, which is separate from the FFRDC contract and which contains, as a minimum, the requirements of FAR 35.017-1(c) and Paragraph E.2 of this Plan.

Staff Years of Technical Effort (STE): 1,810 hours of paid effort for technical services. STE work years include both FFRDC employee and subcontracted consultant technical effort.

Study and Analysis (S&A) Center FFRDC: A category of FFRDC that delivers independent and objective analyses and advice on core work areas important to the Department to support policy development, decision making, alternative approaches, and new ideas for the DoD community.

Systems Engineering and Integration (SE&I) Center FFRDC: A category of FFRDC that supports technical and engineering capabilities not available from the Department to ensure complex systems will meet operational requirements. These FFRDCs assist with the: development and choice of system concepts and architectures; specification of technical system and subsystem requirements and interfaces; prioritization of system-of-systems engineering capabilities, especially for joint operations; development and acquisition of system hardware and software; testing and verification of performance; integration and interoperability of new capabilities; and continuous improvement of system operations and logistics; and transfer of new technology to the private sector to benefit the government through a broader base of expertise. SE&I FFRDCs may assist their Users with evaluating programs and activities undertaken by for-profit firms.

User: The User or tasking activity is an entity (DoD or non-DoD) that requires the services of a DoD FFRDC for performance of FFRDC work.

APPENDIX C

DoD FEDERALLY FUNDED RESEARCH AND DEVELOPMENT CENTERS

STUDY AND ANALYSIS CENTERS

Center for Naval Analyses, Alexandria, VA
Sponsor: ASN (RD&A)

Performs integrated research for the Department of Navy (DoN) and other DoD components encompassing a broad range of issues, including the development and evaluation of tactics, operational testing of new systems, assessment of current capabilities, logistics and readiness, work-force management, space and space-related activities, cost and operational program analysis, assessment of advanced technology, force planning, and strategic implications of political-military developments. Applies its broad expertise in operations analysis, system requirements and acquisition, resource analysis, program planning, and policy, strategy and doctrine to DoN requirements.

Institute for Defense Analyses (IDA), Alexandria, VA
Sponsor: USD(AT&L)

Performs research and analyses for the Office of the Secretary of Defense, Joint Staff, Combatant Commands, Defense Agencies, and other joint activities in the areas of systems and capabilities evaluations, technology assessments, force and strategy assessments, and resource and support analyses. The work includes efforts related to science and technology developments and applications; performance assessments, costing, and testing of new, modified, and proposed systems of all types; resource analyses; joint force and interagency planning, operations, concept development and experimentation; cyberspace operations and security; intelligence planning and assessments; training, readiness and manpower management; acquisition planning and resource management processes; and infrastructure, industrial base and homeland defense issues.

RAND Arroyo Center, Santa Monica, CA
Sponsor: Army Staff/Director, CAPE

Conducts a wide range of research and analyses for the Army in the areas of threat assessment; strategy and doctrine; force design and operations; military logistics; training and readiness; support infrastructure (at the national and operational levels); recruiting, retention, and personnel management; military health; and management of technology and weapons development.

RAND National Defense Research Institute, Santa Monica, CA
Sponsor: USD(AT&L)

Conducts a wide range of research and analyses in the areas of international security and economic policy; threat and risk assessment; defense strategy and force employment options;

applied science and technology; intelligence sources and methods; strategic decision processes; information processing systems; systems acquisition, readiness and support systems; and active-duty and reserve manpower, personnel, and training and military health policy for the Office of the Secretary of Defense, Joint Staff, Unified Commands, and Defense Agencies.

RAND Project AIR FORCE, Santa Monica, CA
Sponsor: ASAF/AQ

Conducts a continuous and interrelated program of independent and objective analyses on major cross-cutting policy and management issues of enduring concern to the Air Force, including studies on preferred means of developing and employing air, space and cyber power; national security threats and strategies; Air Force missions, capabilities, and organizations; Air Force manpower, personnel and training; strategic and tactical force operations; and technology, support, and resource management.

SYSTEMS ENGINEERING AND INTEGRATION CENTERS

Aerospace, El Segundo, CA
Sponsor: SAF/AQ

Performs general life cycle systems engineering and integration for the National Security Space Community. Provides planning, systems definition and technical specification support; analyzes User needs, design and design alternatives, interoperability, manufacturing and quality control; and assists with test and evaluation, launch support, flight tests, orbital operations, and integration of space systems into effective systems of systems. Appraises the technical performance of contractors and program execution. Provides direct life cycle support through program definition; creation of plans and architectures; specification of technical requirements; system integration; analyses of design and design alternatives; and integration of new capabilities into existing systems. Leverages its broad involvement across DoD programs and supports technology activities.

MITRE National Security Engineering Center (NSEC), McLean, VA
Sponsor: USD(AT&L)

Provides broad and deep technical support for the acquisition and employment of mission information capabilities across the Department of Defense, Intelligence Community, and their partners in the national security mission. Performs general systems engineering and integration throughout the C4ISR mission area, ensuring that complex systems meet operational needs. Collaborates with government and industry in the conception, development, integration, fielding, sustainment, and modernization of timely, affordable, and interoperable C4ISR solutions. Connects with operational units to understand and translate capability requirements, and works with academia and laboratories to explore and exploit new technology applications that can enhance efficiency and effectiveness. Develops architecture and technical and program strategy; provides technical leadership during program execution; and leverages its broad scope of engagement to work toward crosscutting joint, multi-national and enterprise-wide capabilities.

RESEARCH AND DEVELOPMENT LABORATORIES

IDA Center for Communications and Computing
Bowie, MD; Princeton, NJ; La Jolla, CA
Sponsor: NSA

Conducts fundamental research for the NSA in support of missions in cryptology for both signals intelligence and information security; conducts fundamental research for NSA in network security in support of missions in cyber security and signals intelligence. The research areas include: creation and analysis of complex encipherment algorithms, high-end computing technologies, development of sophisticated algorithms and applications thereof, algorithmic and mathematical foundations of cryptology, computer network technologies supporting communications security applications, and information processing technologies which focus on cyber security analytical applications for large data sets.

MIT Lincoln Laboratory, Lexington, MA
Sponsor: USD(AT&L)

Carries out a program of research and development pertinent to national defense with particular emphasis on advanced electronics. Program activities extend from fundamental investigations through design, development, and field test of prototype systems using new technologies.

Software Engineering Institute, Pittsburgh, PA
Sponsor: USD(AT&L)

Provides technical innovation and leadership through research and development to advance the practice of software engineering & technology in support of DoD needs. Creates methods and technologies that improve the quality and security of operational software in software-reliant systems; accelerates the usability of modern software engineering and cyber security technologies and promulgates the application of these technologies throughout the DoD and software community; and fosters standards of excellence for improving software engineering and cyber security practices.

APPENDIX D

DETERMINATION OF STAFF YEARS OF TECHNICAL EFFORT

FFRDCs and their Sponsors shall use the definition of STE when determining, requesting, or reporting STE.

STE applies to direct professional and consultant labor, performed by researchers, mathematicians, programmers, analysts, economists, scientists, engineers, and others who perform professional-level technical work primarily in the fields of studies and analyses; system engineering and integration; systems planning; program and policy planning and analysis; and basic and applied research.

All DoD funding must be accounted for against the DoD STE definition and allocation. Work performed using non-appropriated funds (including Foreign Military Sales and sales from the National Defense Stockpile), the National Intelligence Program, and the Military Intelligence Program is exempt.

APPENDIX E

DETERMINATION OF FFRDC NEED FOR FEE

The following guidelines should be applied in determining the amount of fee needed to operate a DoD FFRDC contract.

A fee proposal for an FFRDC contract must:

- (1) Provide sufficient visibility into each element of fee to identify its purpose.
- (2) Comply with fee reimbursement restrictions and/or limitations included in the Sponsoring Agreement and/or applicable statutes and regulations.
- (3) Identify, for inclusion as an element of fee, costs not reimbursable under the contract that the FFRDC contractor can nevertheless demonstrate are ordinary and necessary to its successful operation.

Cost categories that may be used to justify fees and establish fee amounts include:

Working Capital: There is often a gap, between the time costs are incurred and government reimbursements are received. Fee may reflect the amount of working capital necessary to fund the normal business operations of the FFRDC contract where government reimbursements lag costs incurred, as assessed on an operating cycle basis. The FFRDC contractors may either use their own reserves (to the extent such reserves are in liquid form) or borrow, thereby incurring interest expense, to satisfy the FFRDC contractors working capital needs. In addition to meeting immediate cash needs, fee may also appropriately be applied to maintaining working capital reserves and/or the capacity to borrow to assure the financial health of the FFRDC contractor.

Facilities Capital: FFRDC contractors need to be able to acquire the tangible assets necessary for effective and efficient performance of their contracts with DoD. Fee may reflect the costs of fixed asset acquisitions in accordance with capital acquisition plans that have been approved by the Government as a part of the Fee Justification Proposal. Care should be taken to include only those items that Government regulations, the cost accounting standards and/or the tax code require be capitalized and recovered through depreciation or amortization over a period of years, even though the financial resources used to acquire them have to be committed at the time of acquisition. Such capital acquisitions justify fee to the extent of both the timing differences and the need to service and retire debt that may have been incurred in the original acquisition transaction. When feasible, capital equipment, and real and leasehold improvements, should not exceed the depreciation/amortization (equipment and building) and the imputed cost of money.

Other Unreimbursed Expense: Since DoD strictly limits its FFRDC contractors in the types of work they may perform, frequently requiring them to work exclusively or predominantly for DoD, FFRDC contractors forego other sources of revenue. They thus have less flexibility than

many contractors to cover “ordinary and necessary business expenses” that are normally not allowable on federal cost-type contracts. Fee may provide the operating flexibility needed to maintain a healthy company. Fee may reflect costs that will be used by the FFRDC contractors for a variety of other “ordinary and necessary” expenses not included in the above two categories. This includes reasonable allowance for management initiatives and investments that will directly or indirectly benefit DoD. In order for these expenses to become appropriate for consideration as a fee need, they must be separately identified and justified in the fee proposal.

The Sponsor and contracting activity shall evaluate the need and appropriateness for fee primarily on the basis of the FFRDC contractor, evaluating its expenses and available resources without regard to Non-FFRDC resources available to the operating entity. The recognition of the need for fee should consider the benefit provided to the operation and purpose of the FFRDC contractors. Activities that benefit a parent institution as a whole (for example, use of fee to provide working capital to meet the payroll) may be an appropriate justification for fee if there is a direct or indirect benefit to DoD.

The Sponsor/contracting activity should perform an annual fee review assessing the extent to which the prior representations and justifications regarding fee have proven reliable (both as to the fee amount and to the planned uses of the fee). Repeated, unexplained failure to reasonably adhere to planned uses for fee should serve as a basis for challenging either the appropriateness and/or the magnitude of proposed fee. If a fee amount is identified in the contract, the annual review should determine if a substantial change in needs requires a revision to the amount of fee.

Costs incurred under the FFRDC contract that are allowable under the cost principles (i.e., commercial using FAR 31.2, not-for-profit using OMB Circular A-122, or university affiliated using OMB Circular A-21), regulations, or statutes applicable to that FFRDC contract must be classified as direct or indirect (overhead/G&A) charges to the contract and not included as proposed fee elements. Exceptions may be made to this guideline with Sponsor approval.

APPENDIX F

REPORTING REQUIREMENTS FOR DoD FFRDC SPONSORS

ANNUAL REPORTING REQUIREMENTS	DUE DATE	DESCRIPTION
Annual Report on Staff Years of Technical Effort (STE) and Funding	As Required	Provide USD(AT&L) with a report showing STE and associated funding data (DoD and non-DoD). USD(AT&L) will provide required data call format necessary for: (1) Congressional Reporting (2) Budget Estimates.
Changes to Sponsoring Agreement, Core Statement	NLT 30 days after change	Provide USD(AT&L) with copies of changes to the Sponsoring Agreement or Core Statement.
Comprehensive Review Notification	One year prior to due date of the review	Advise USD(AT&L) of Comprehensive Review initiation. USD(AT&L) will advise the Sponsor of any special review requirements.
Comprehensive Review	NLT 90 days prior to renewal of the FFRDC contract	Provide to USD(AT&L) the results of the Comprehensive Review for the use and need of the FFRDC in accordance with this plan (see Appendix G, and FAR 35.017. USD(AT&L) concurrence is required prior to renewal of the FFRDC contract.
Sponsor's Annual Plan	NLT 2 weeks prior to the annual FFRDC meeting	Sponsor's Annual FFRDC Program Plan

APPENDIX G

COMPREHENSIVE REVIEW GUIDELINES FOR DoD FEDERALLY FUNDED RESEARCH AND DEVELOPMENT CENTERS

PURPOSE: The purpose of the comprehensive review is to formally analyze the use and need for the FFRDC in order to assist the head of the Sponsoring Agency in determining whether to continue sponsorship of the FFRDC.

This appendix provides the guidelines for reporting the results of FFRDC comprehensive reviews in accordance with this management plan and FAR 35.017.

- Identify the FFRDC, its Sponsor and contracting activity. Include the date and term of the FFRDC's current Sponsoring Agreement.
- Provide a detailed examination of the Sponsor's special technical needs and mission requirements that are being performed by the FFRDC to determine whether, and at what level, they should continue to exist (FAR 35.017-4 (c)(1)).

Identify requirements for FFRDC support including known specific programs involved, the level of effort required and the types of tasks to be performed.

- Consideration of alternative sources (FAR 35.107-4(c)(2)):

Specify the special research, systems development, or analytical needs, skills, and/or capabilities involved in accomplishing FFRDC tasks.

Explain why the capabilities cannot be provided as effectively by in-house personnel, for-profit or not-for-profit contractors, university-affiliated organizations, or other existing FFRDCs. Include statements on the alternatives to the FFRDC that were considered and the rationale for not selecting each of them.

- Provide a detailed assessment of the efficiency and effectiveness of the FFRDC in meeting Sponsor's/User's needs including the FFRDC's ability to maintain its objectivity, independence, quick response capability, currency in its field(s) of expertise, and familiarity with the needs of its Sponsor (FAR 35.017-4(c)(3)).

Include a summary of FFRDC accomplishments and their effectiveness in meeting User needs since the last comprehensive review. As a minimum, the quality and timeliness of the work produced, the number and dollar value of projects and programs assessed, and the User evaluations of performance should be addressed. A summary of the results of the most recent annual review should be included. All major Users should participate in this portion of the comprehensive review. Discuss any criticisms

or concerns that the Users had with FFRDC's performance and the steps taken to resolve those issues.

- Conduct an assessment of the FFRDC's management controls to ensure cost-effective operation (FAR 35.017-4(c)(4)).

Discuss accounting and purchasing systems; overhead costs and fees; oversight actions taken to verify cost-effective operations; and other management issues as deemed appropriate.

- Provide a determination that the criteria for establishing the FFRDC are satisfied and that the Sponsoring Agreement is in compliance with FAR 35.017-1, FAR 35.017-2, and the DoD Management Plan. Include a statement addressing each of the criteria. Provide a certification that the current Sponsoring Agreement accurately reflects the mission of the FFRDC.

Discuss agreements between the Government and the FFRDC. These agreements may cover such items as authorization of fees, provision of Government facilities and equipment, distribution of residual assets of settlement and liabilities in event of dissolution, maintenance of specific cash reserves, and waivers to accounting policies or regulatory requirements.

- The comprehensive review should provide a recommended course of action and be signed by the head of the Sponsoring Agency. USD(AT&L) concurrence with the results of the comprehensive review is required prior to renewal of the contract or termination of the FFRDC.

How to Obtain Geneva Conventions Identification Cards and Common Access Cards (CAC) for FFRDC Employees Accompanying the Armed Forces Abroad

Overview: Recent changes to DoD policies allow for individuals to receive Geneva Conventions ID/Common Access Cards (CAC) following specific procedures. FFRDC Sponsors and FFRDC employees seeking a CAC providing Geneva Conventions protections must work with the Offices of the Under Secretaries of Defense for Personnel and Readiness (OUSD (P&R)) and for Acquisition, Technology and Logistics (OUSD (AT&L)) which established the policies and procedures contained within the references below.

References:

- (a) DoD Instruction 3020.41 implements policy and guidance, assigns responsibilities, and serves as a comprehensive source of DoD policy and procedures concerning DoD FFRDC employees authorized to accompany the U.S. Armed Forces.
- (b) Directive Type Memorandum (DTM) 08-003 provides next generation common access card (CAC) implementation guidance.

Specific Guidance/Process Steps:

- (1) Attachment 3, Section 3.a. of Reference (b) outlines CAC eligibility for FFRDC employees. Eligibility is also based on the Sponsor's determination of the type and frequency of access required to DoD facilities or networks that will effectively support the mission.
- (2) For FFRDC employees operating with DoD forces overseas, Enclosure 2 of Reference (a) considers these FFRDC employees "authorized to accompany the U.S. Armed Forces" and subject to Geneva Conventions credentials and protections.
- (3) Section 16, Figure 2 of Reference (b) states that FFRDC employees covered under authorities in Reference (a) are to receive "U.S. DoD/Uniformed Services Geneva Conventions ID Card for Civilians Accompanying the Armed Forces".
- (4) In accordance with Section 6.2.7 of Reference (a), Sponsors have a means by which the Government will inform FFRDC employees of the requirements and procedures applicable to a deployment.
- (5) FFRDC employees authorized to accompany the U.S. Armed Forces must receive a Letter of Authorization (LOA) meeting minimum requirements in Section 6.2.7.4 of Reference (a) prior to issuance of Geneva Conventions ID/Common Access Card. The LOA is issued by a joint web-based database known as the Synchronized Predeployment and Operational Tracker, which is governed under Section 6.2.6.
- (6) FFRDC Sponsors and FFRDC employees traveling abroad must follow the Deployment and Theater Admission Requirements and Procedures outlined in Section 6.2.7 of Reference (a) prior to departure. This process will confirm the appropriate LOA and proper Geneva Conventions ID card.

Review of the above guidance and implementation of the described actions provides an established path for CAC issuance.

Links:

DoD Instruction 3020.41: <http://www.dtic.mil/whs/directives/corres/pdf/302041p.pdf>
DTM 08-003: dated December 1, 2008 (update in progress)

How to Obtain Official United States Government (USG) Passports for FFRDC Employees that travel to Foreign Countries on behalf of DoD

Overview: Department of State (DoS) regulations and DoD policies allow FFRDC employees to receive official USG passports for work assigned abroad. DoS issues passports on behalf of the DoD via processes managed by the Travel Services Division within the Director of Logistics – Washington (Army). FFRDC Sponsors and FFRDC employees seeking an official passport must follow procedures outlined in the references below to receive approval for an official passport. DoS reserves the right to deny passport issuance to FFRDC employees.

References:

- (a) Title 22, Code of Federal Regulations, Section 51.3(b), states *when authorized by the Department, an official passport may be issued to a U.S. government FFRDC employee traveling abroad to carry out official duties on behalf of the U.S. government.*
- (b) DoD Directive 1000.21E establishes policies and assigns the Secretary of the Army, specifically the Administrative Assistant for the Secretary of the Army, as the DoD Executive Agent for passport issuance and services.
- (c) DoD 1000.21-R implements the 1000.21 series directive and contains additional policies and procedures for obtaining passports.
- (d) DoD Directive 4500.54E establishes the Foreign Clearance Program and Foreign Clearance Guide (FCG) to support DoS and DoD with the issuance of official passports.

Specific Guidance/Process Steps (all cite Reference (c) unless specifically noted):

- (1) Use of passports is governed by Section C1.5.
- (2) DoD Components and Military Departments whose FFRDCs employees require passports should follow requirements outlined in sections C1.4.2. and C1.4.3. respectively.
- (3) DoD Components and Military Departments should have designated, in writing, Passport Agents to handle passport requests following procedures outlined in Chapter 3.
- (4) Passport applicants must follow all procedures listed in Section C1.4.10. and Chapter 2 to request an official passport.
- (5) Passport Agents must advise applicants of all requirements and instructions in accordance with Section C1.4.8.18.
- (6) DoS uses the FCG authorized by Reference (d) to approve the issuance of passports. The FCG is the authority for travel clearance, passport, and visa requirements for DoD personnel and FFRDC employees to enter foreign countries on official business.

Links:

DoD Directive 1000.21E: <http://www.dtic.mil/whs/directives/corres/pdf/100021e.pdf>

DoD 1000.21-R: <http://www.dtic.mil/whs/directives/corres/pdf/100021r.pdf>

How to Obtain an ITAR Exemption for FFRDC Employees to Review, Analyze, and Discuss U.S. ITAR-controlled Data with Foreign Nationals

Overview: Current DoD Procedures place the burden of certifying the use of International Traffic in Arms Regulation (ITAR) Exemptions on the Military Departments (MILDEP). This creates challenges for FFRDCs whose Sponsors are not a MILDEP. The Under Secretary of Defense for Acquisition, Technology and Logistics (USD (AT&L)) recently began to certify ITAR exemptions, via the Office of International Cooperation (IC), based on their interpretation of the law. They developed the following processes to assist an FFRDC with obtaining ITAR exemptions. FFRDCs that have work requiring an ITAR exemption whose Sponsors are not a MILDEP should work with the IC office to develop similar processes, as required, to perform their work. Our office will work to transfer this process to the Office of the USD (Policy) to provide ITAR exemptions for non USD (AT&L) OSD FFRDC tasks.

References:

- (a) Title 22, Code of Federal Regulations, Part 122.1 states *any person who engages in the United States in the business of either manufacturing or exporting defense articles of furnishing defense services is required to register with the Directorate of Defense Trade Controls.*
- (b) DOD Guidelines for Certifying use of ITAR Exemptions (5 March 2004) require an Authorized Exemption Officer (AEO) to approve ITAR exemption requests.

Specific Guidance/Process Steps:

- (1) FFRDCs requesting an ITAR exemption must register with the Department of State's Directorate of Defense Trade Controls in accordance with Reference (a). Information can be found at <http://www.pmdt.state.gov>.
- (2) FFRDCs whose Sponsor is not a MILDEP should contact Karen Kay at 703-693-0909 or Gordon Yim at 703-614-7295 with the International Cooperation office and inform them of the need to establish procedures to receive ITAR exemptions with their Sponsors. Procedures to receive ITAR exemptions should include steps (3) and (4) below.
- (3) FFRDCs must list the individual task (or group of tasks, as applicable) for which the exemption is being sought and provide background information about the specific defense program(s) included on their contracts/task orders that might involve interaction with foreign persons. The FFRDC should share this information with Sponsor's Authorized Exemption Officer designated by the IC office in accordance with Reference (b).
- (4) The AEO indicates approval of an exemption request by signing a memorandum to file (MTF). The MTF certifies the use of the exemption and sets forth and conditions for approval.

How to Obtain Access to the Non-Secure Protocol Internet Router (NIPR) and the Secure Protocol Internet Router (SIPR) at FFRDC locations

References:

- (a) CJCSI 6211.02C, *Defense Information System Network (DISN): Policy and Responsibilities*, provides information on connecting systems to the DISN
- (b) DODI 8510.01, *DOD Information Assurance Certification and Accreditation Process (DIACAP)*, helps support certification and accreditation (C&A) and other required decisions by DoD such as a connection approval.
- (c) *DSN Connection Process Guide* is a step-by-step guide to the detailed procedures that customers must follow in order to obtain a connection to the DISN.

Specific Guidance/Process Steps:

- (1) The Sponsor sends a connection validation letter (on the FFRDC's behalf) found in Reference (c) to the appropriate DISN Service Manager (SM). This letter provides information to determine if this connection is appropriate for the mission.
- (2) If the SM concurs with the request, then he or she will sign the letter and return it to the Sponsor. The Sponsor will then forward it to the appropriate Combatant Command, Service, Agency, or Field Activity HQ and subsequently the Office of the Assistant Secretary of Defense for Networks and Information Integration for review and approval.
- (3) After the Sponsor identifies the appropriate network/service and receives approval, it initiates a request for service fulfillment through the DDOE process. This tool orders DISN telecommunications services. The DDOE website is available at <https://www.disadirect.disa.mil/products/asp/welcome.asp>.
- (4) In parallel, and in accordance with Reference (b), the Sponsor should begin the certification and accreditation (C&A) processes for the information system (IS) which requires connection to the DISN. Reference (c) outlines the different requirements for NIPR and SIPR access.
- (5) Once the DDOE process has been completed, Sponsors register their FFRDC's Information System (IS) information in the appropriate databases. Reference (c) lists the appropriate databases.
- (6) Sponsor connection requests are submitted to the appropriate Chief Administrative Officer (CAO) in the form of a Connection Approval Package. This package provides the CAO the information necessary to make a risk-based connection approval decision. CAP submissions must be submitted a minimum of 30 days prior to the start of the exercise/mission.
- (7) The CAO reviews the contents, makes a connection decision and notifies the Sponsor.

Links:

CJCSI 6211.02C: http://www.dtic.mil/cjcs_directives/cdata/unlimit/6211_02.pdf

DODI 8510.01: <http://www.dtic.mil/whs/directives/corres/pdf/851001p.pdf>

DSN Connection Process Guide:

http://www.disa.mil/connect/library/files/disn_cap_05012010_v3.pdf

How to Obtain Access to Information on SIPRNET

Overview: No individual has complete access to SIPRNET, to include government employees. However, the Under Secretary of Defense for Acquisition, Technology & Logistics (USD (AT&L)) established and approved a means to grant FFRDCs increased access to SIPRNET to include specific sites requested by the FFRDC community. This decision is based on an understanding that FFRDCs' unique mission requires greater access to information contained on SIPRNET,

Specific Guidance: DoD identified specific SIPRNET IP addresses, known as the standard list, which FFRDCs can now access to meet their mission needs. This does not provide full access to SIPRNET, but should, at a minimum, help FFRDCs meet their requirements. The USD AT&L also requested periodic reviews to add additional sites to the standard list as necessary.

FFRDC Sponsors will accommodate requirements for access to additional sites beyond the standard list and on a case-by-case basis. In coordination with other FFRDC Sponsors, the Sponsor receiving this request from the FFRDC will determine if DoD should provide this additional access to the individual FFRDC or the entire FFRDC community.