

5/28/02 Staff Meeting

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The Secretary of Energy
Washington, DC 20585

April 30, 2002

MEMORANDUM FOR UNDER SECRETARY FOR NUCLEAR SECURITY
UNDER SECRETARY FOR ENERGY, SCIENCE AND
ENVIRONMENT

FROM: SPENCER ABRAHAM *Spencer Abraham*
SUBJECT: Future Direction of Laboratory Directed Research and
Development Program and the Plant Directed Research,
Development and Demonstration Program

Recently, there has been increased interest in the Department's Laboratory Directed Research and Development program and the newly established Plant Directed Research, Development, and Demonstration program (LDRD/PDRD). The Energy and Water Development Committee included reporting requirements in the Fiscal Year (FY) 2001 Conference Report and expanded the requirements in FY 2002.

As Secretary of Energy, I support the LDRD/PDRD programs. The technological discoveries uncovered in these projects are a primary source of advanced explorations into the basic sciences. However, the Department must ensure we address the spirit and intent of congressional concerns surrounding the programs and make the necessary improvements to these programs.

Accordingly, I have outlined my priorities for the LDRD/PDRD programs. First, with regard to reviewing proposed projects, a Federal official will concur in all projects. This will ensure accountability in the LDRD/PDRD programs and guarantee all projects support our core mission of national security. As I stated in my November 24, 2001, speech to the senior leadership of the Department and reemphasized in my FY 2003 budget rollout, all programs will be judged by whether they advance our overarching mission of improving national security.

Second, with regard to notifying other Federal agencies about LDRD, I committed to Congress that the Department will ensure other Federal agencies are properly notified that a portion of the funds collected through the Work For Others program will be used to fund LDRD projects. Also, in accordance with the FY 2002 Conference Report, the Department will ensure all other Federal agency funds are used in accordance with the Appropriations Acts providing funds to those agencies.

I believe that all sponsors, including other Federal agencies, benefit from the strong science and technology base provided by the Department's LDRD/PDRD programs. LDRD/PDRD is at the core of our ability to develop research capabilities and apply

GUIDANCE FOR LABORATORY DIRECTED RESEARCH AND DEVELOPMENT (LDRD) PROGRAM CHARGES ON OTHER FEDERAL AGENCY FUNDED WORK FOR OTHERS (WFO) PROJECTS

It is the Department's understanding that the Plant Directed Research, Development and Demonstration (PDRD) program is prohibited from and, therefore, does not charge for PDRD as part of its indirect cost rate on WFO projects. Consequently, the following requirements do not apply to the PDRD program.

The FY 2002 Energy and Water Development Appropriations Conference Report (107-258) requires that "when accepting funds from another federal agency that will be used for LDRD activities, the Department of Energy shall notify that agency in writing how much will be used for LDRD activities. In addition, the conferees direct the Secretary of Energy to include in the annual report to Congress on all LDRD activities an affirmation that all LDRD activities derived from funds of other agencies have been conducted in a manner that supports science and technology development that benefits the programs of the sponsoring agencies and is consistent with the appropriations acts that provided funds to those agencies."

The following guidance will ensure a common procedure throughout the Department for notifying other Federal agencies on use of their funding for LDRD activities. This guidance is effective immediately upon issuance at all sites that have an authorized LDRD program.

To avoid misunderstandings, it will be imperative for the Department to convey to sponsoring agencies that the LDRD costs included in the Department's standard indirect cost rate do not represent a new charge. Rather, the new requirement is for DOE to separately identify this indirect cost element and affirm activity consistency with funding appropriations.

I. New and Revised WFO Projects:

Each new and/or revised Work For Others (WFO) proposal provided to a Federal agency sponsor must indicate the amount (shown as dollars rounded to the nearest thousand) of LDRD funds that will be collected as part of the performing site's normal indirect cost rate charged to the project within the project cost estimate. Further, the Department will need to serve notice to the sponsor that the sponsor will be acknowledging, through their new and future funding of the proposal and associated LDRD program costs, that such activities are beneficial to their organization and consistent with the appropriations acts providing funds to that agency.

Prohibitions to DOE charging LDRD costs on WFO projects, based on a sponsor's appropriations language, will be dealt with on a case-by-case basis as determined by the Cognizant Secretarial Officer (CSO) and other appropriate Headquarters elements. Field Elements will notify their CSO as soon as possible to initiate action.

III. Exceptions:

Unless otherwise notified, the requirements identified herein do not apply to National Institutes of Health (NIH) grant supported research projects being performed under the June 1998 Memorandum of Understanding (MOU) between NIH and DOE. The policies and procedures negotiated that relate to recovering LDRD costs remain in effect, as identified in Section IV, paragraph E, of the MOU.

IV. Reporting:

In preparation for the annual report on LDRD activities, each Field Element will certify their compliance with departmental procedures regarding LDRD charges and other Federal agency WFO projects. This annual certification will serve to support the Secretary's required affirmation that all LDRD activities derived from funds from other Federal agencies have been conducted in a manner that supports science and technology development, that benefits the programs of the sponsoring agencies, and is consistent with the appropriations acts that provided funds to those agencies. This certification will include the identification of specific LDRD projects and narrative discussing how the projects provided a benefit to other Federal agencies.

Questions concerning the WFO requirements should be directed to ME-60, Office of Procurement and Assistance Management. Questions concerning the annual reporting requirements should be directed to ME-100, Office of Program Liaison and Financial Analysis.

Attachment B. Each laboratory will also be required to identify specific LDRD projects and provide a narrative describing how the projects benefited other Federal agencies.

Please submit all individual project information and the required assertions from Field CFOs by November 15, 2002. In order to comply with the congressional mandate and ensure sufficient time for preparation and analysis of the information, the November 15 due date must be strictly adhered to. Send all submissions to the Office of Program Liaison and Financial Analysis, ME-100, Rm C-176, GTN. If you have any questions on the report, contact Rick Sweeney, Director, Office Program Liaison and Financial Analysis, on 301-903-2551. Thank you in advance for your assistance in this matter.

Attachments

Attachment B

Data Elements Required for all LDRD/PDRD Projects:

Laboratory or Production Plant
Project Name
Project Identifier
Principal Investigator
Phone Number of Principal Investigator
Category of Work
Type of Research
Personnel Salaries
Travel
Equipment
Other Costs
Total Costs
Project Start Date
Description of Project
Expected Results
Tie to Mission