Department of Energy
Washington, DC 20585

JM CHRONOLOGY
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OUT FOR REVIEW 4/6/15
DRB DISCUSSION 4/16/15

MEMORANDUM FOR: INGRID KOLB
DIRECTOR, OFFICE OF MANAGEMENT

THROUGH: KEVIN T. HAGERTY
DIRECTOR, OFFICE OF INFORMATION RESOURCES

FROM: JOSEPH A. McBREARTY 4/1/15
DEPUTY DIRECTOR FOR FIELD OPERATIONS, OFFICE OF SCIENCE

SUBJECT: Notice of Intent to Revise O 413.2B Adm Chg 1, *Laboratory Directed Research and Development*

PURPOSE: Order 413.2B and its contractor requirements document (CRD) define requirements for federal and contractor oversight of Laboratory Directed Research and Development (LDRD) programs. LDRD programs are institutional R&D programs that are utilized by the laboratory to strengthen and build scientific capabilities that better equip the laboratory to address current and future mission needs of the Department of Energy.

JUSTIFICATION: As LDRD is a discretionary fund available to the laboratories, it continues to receive a significant amount of attention from appropriators within Congress. Several external reviews of the LDRD program have confirmed that this program is well run, leading to few changes in the laws authorizing LDRD.

In addition to some edits of the formatting and structure, the following changes to requirements in the Order are proposed:

- Consistent with P.L. 113-076 set the maximum LDRD funding level at 6%.
- Consistent with P.L. 113-236 apply the maximum LDRD funding level to the program, project, and activity level.
- Allow LDRD to be collected on a different basis than general and administrative overhead.

There are no valid external, consensus or other Standards (e.g., ISO, VPP, etc.) available which can be used in place of this directive.

IMPACT: The proposed directive does not duplicate existing laws, regulations or national standards and it does not create undue burden on the Department.

These changes will be costly to implement but are driven by statute. Changes that are not mandated by statute will give the laboratories additional flexibility in implementing the

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requirements found in P.L. 113-236. If DOE does not comply with P.L. 113-236 by the beginning of FY 2016 there is a significant risk of further detailed directions from Congress on how to charge and account for the LDRD program which could dramatically increase the complexity and cost of managing the program. There is also the risk of Congress eliminating the program or lowering the maximum LDRD funding level.

We are requesting an expedited schedule in order to finalize this directive as far in advance of October 1, 2015 as possible.

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References:

- The Consolidated Appropriations Act, 2014, P.L. 113-076, which lowered the maximum LDRD funding level to 6% of the total operating and capital equipment budget.

- The Consolidated and Further Continuing Appropriations Act, 2015, P.L. 113-235 which applied the 6% cap to the program, project, and activity level.

Ingrid Kolb, Director, Office of Management (MA-1):

Concur: _____ Nonconcur: _____ Date: 4-16-2015

Unless determined otherwise by the Directives Review Board (DRB), writers will have up to 60 days in which to develop their first draft and submit to the Office of Information Resources, MA-90

Standard Schedule for Directives Development	Days
Draft Development	15
Review and Comment (RevCom)	30
Comment Resolution	15
Final Review	30
Total	90