

# **ESTABLISHING OR CONTRACTING WITH FEDERALLY FUNDED RESEARCH AND DEVELOPMENT CENTERS (FFRDCs) AND NATIONAL LABORATORIES**

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## **I. Purpose**

This Management Directive (MD) defines Department of Homeland Security (DHS) policies and procedures regarding the establishment, administration, and use of Federally Funded Research and Development Centers (FFRDCs) and related sponsoring agreements. This MD explains, for any DHS Component that seeks to sponsor an FFRDC task, the required interactions with DHS Science and Technology Directorate (S&T). These interactions do not necessarily represent all legal, financial, or contractual obligations nor do they seek to limit competition or contracting with the private sector. This MD replaces the DHS FFRDC Management Plan dated July 21, 2004.

## **II. Scope**

A. This MD addresses the establishment of new DHS-sponsored FFRDCs; establishment of DHS participation in multiple agency sponsorship agreements for existing FFRDCs; management and administration of FFRDC sponsoring agreements, whether DHS is the primary sponsor or party to a multiple agency sponsorship agreement; and DHS use of other Departments' FFRDCs, regardless of whether DHS is a party to the FFRDC sponsoring agreement.

B. This MD is applicable to all DHS Components. This MD is released in cooperation with the DHS Office of the Chief Procurement Officer and the S&T Office of General Counsel (OGC).

## **III. Authorities**

A. 6 U.S.C. Section 185, Federally funded research and development centers.

B. 6 U.S.C. Section 186(b), Miscellaneous Provisions/Coordination Requirements.

- C. 6 U.S.C. Section 189, Utilization of Department of Energy laboratories and sites in support of homeland security activities.
- D. 31 U.S.C. Section 1535, the Economy Act.
- E. 41 U.S.C. Section 253(c)(3)(B), Procurement procedures.
- F. Federal Acquisition Regulation (FAR) 17.5, Interagency Agreements under the Economy Act.
- G. Federal Acquisition Regulation (FAR) 35.017, Federally funded research and development centers.
- H. DHS Directive 125-02, Interagency Agreements.
- I. DHS Management Directive 10100, Organization of the Office of the Under Secretary for Science and Technology.
- J. Memorandum of Agreement Between the Department of Energy and the Department of Homeland Security, dated February 23, 2003.

## IV. Definitions

- A. **Acquisition Planning**. Acquisition planning means the process by which the efforts of all personnel responsible for an acquisition are coordinated and integrated through a comprehensive plan for fulfilling the agency need in a timely manner and at a reasonable cost. It includes developing the overall strategy for managing the acquisition.
- B. **Contracting Activity**. As referred to in this MD, the DHS contracting activity is the governmental entity that awards a contract or contracts under the authority of 6 U.S.C. § 185 for FFRDCs.
- C. **Core Statement**. The core statement describes the purpose and mission of the FFRDC, the nature of the strategic relationship between the FFRDC and DHS, the general scope of efforts to be performed for DHS, and core competencies the FFRDC must maintain so that it can assist in accomplishing the DHS mission.
- D. **Core Work**. Core work is work appropriate for performance by the FFRDC because it is consistent with the mission, purpose, and competencies of the FFRDC, and draws on or sustains a strategic relationship between the FFRDC and its sponsor.

E. **Federally Funded Research and Development Centers.**

1. FFRDCs can take a variety of forms including, but not limited to those that perform systems engineering, conduct studies and analyses, or operate a national laboratory. FFRDCs provide a unique service to the government and include organizations such as national laboratories associated with federal agencies.
2. An FFRDC meets certain special long-term research or development needs that cannot be met as effectively by existing in-house or contractor resources. In addition to meeting long-term and intermediate-term needs of sponsor(s) and users, FFRDCs enable agencies to use private sector resources to accomplish tasks that are integral to the mission and operations of their sponsor(s).
3. FFRDCs are outside the government to permit the management flexibility necessary to attract and retain high-quality scientific, technical, and analytic expertise and to provide an independent perspective on the critical issues that they address for their sponsor(s) and users.
4. Long-term relationships between the government and FFRDCs are desirable in order to provide the continuity that will attract high-quality personnel to the FFRDC. This relationship should be of a type to encourage the FFRDC to maintain currency in its field(s) of expertise, maintain its objectivity and independence, preserve its familiarity with the need(s) of its sponsor(s), develop institutional DHS memory, and provide a quick response capability.
5. An FFRDC has access, beyond that which is common to the normal contractual relationship, to government and supplier data, including sensitive and proprietary data, and to government employees and facilities. The FFRDC is required to conduct its business in a manner befitting its special relationship with the government, to operate in the public interest with objectivity and independence, to be free from organizational conflicts of interest, and to have full disclosure of its affairs to the sponsoring agency.
6. FFRDCs may be operated, managed or administered by a university or consortium of universities, other not-for-profit or nonprofit organization, an industrial firm as an autonomous organization or as an identifiable separate operating unit of a parent organization under a strict conflict of interest regime to prevent the influence of shareholders of the for-profit board, which could undermine the objectivity of the FFRDC organization.

7. An FFRDC may not use its privileged information or access to facilities to compete with the private sector. With few exceptions, FFRDCs may not participate in competitive procurements by the U.S. government.

F. **Multiple Agency Sponsorship Agreement.** A multiple agency sponsorship agreement is a written document between the government (primary sponsor and other sponsors) and the FFRDC's parent institution that contains a core statement for each sponsor as well as other items identified in FAR 35.017-1.

G. **Nonsponsor.** A nonsponsor is any other organization, in or outside of the federal government, which funds specific work to be performed by the FFRDC but is not a party to the sponsoring agreement or multiple agency sponsorship agreement.

H. **Parent Institution.** The parent institution is the entity that contracts with the primary sponsor to operate the FFRDC or a national laboratory. FFRDCs may be operated, managed, or administered by many different types of organizations, as described in paragraph IV.E.6. above. A parent institution may also be called a parent organization.

I. **Primary Sponsor.** The primary sponsor is the lead agency responsible for managing, administering, or monitoring overall use of the FFRDC under a multiple sponsorship agreement on behalf of DHS. The US(S&T) is the primary sponsor for DHS FFRDCs. Multiple agency sponsorship is possible as long as one agency agrees to act as the "primary sponsor."

J. **Sponsor.** A sponsor is an executive agency which manages, administers, monitors, funds, and is responsible for the overall use of an FFRDC, other than the primary sponsor, that is party to a multiple agency sponsorship agreement. The US(S&T) is the DHS sponsor for DHS use of a non-DHS FFRDC under a multiple agency sponsorship agreement.

K. **Sponsoring Agreement.** The sponsoring agreement is a written agreement between the government (primary sponsor) and the FFRDC's parent institution that is prepared when the FFRDC is established. The sponsoring agreement contains the core statement as defined herein, as well as other items identified in FAR 35.017-1.

L. **Strategic Relationship**. The nature of their mission requires that FFRDCs operate in a strategic relationship with their sponsor(s) and other users. Strategic relationships enable FFRDCs to develop and maintain in-depth institutional knowledge of the sponsor's programs and operations; to maintain continuity and currency in their special fields of expertise, and a high degree of competence in their staff and work; to maintain their objectivity and independence; and to respond effectively to the emerging needs of the sponsor(s) and other users.

M. **User**. The user, or tasking activity, is an entity that requires the services of an FFRDC for performance of work.

## V. Responsibilities

Consistent with the provisions of this MD, the US(S&T) is responsible to the Secretary of DHS to:

- A. Oversee the implementation and execution of this MD.
- B. Ensure all DHS work proposed to be placed with any FFRDC is within the purpose, mission, general scope of effort, or special competency of the FFRDC.
- C. Oversee each FFRDC for which DHS is the primary sponsor by:
  - 1. Ensuring that the sponsoring agreement is consistent with FAR 35.017-1 and contains a core statement that is specific enough to differentiate between work that is within the scope of effort for which the FFRDC is intended and work that should be performed elsewhere.
  - 2. Working closely with the contracting activity and potential users early in the acquisition planning process.
  - 3. Serving as the single DHS point of contact to conduct reviews (in consultation with the contracting activity and the S&T OGC) and recommending to the contracting activity authorization of work by DHS FFRDCs via Inter-Agency Agreements. Such reviews will ensure that all work proposed by DHS users to be performed by the FFRDC is suitable for an FFRDC and within the purpose, mission, general scope of effort, or special competency of the FFRDC as delineated in the core statement. Legal review by S&T OGC does not supersede the need for a Component legal sufficiency review.

4. Consulting regularly with the DHS Office of the Chief Procurement Officer to ensure that DHS FFRDC operational practices are consistent with prevailing federal standards on FFRDC management and to ensure that DHS FFRDC interests are properly represented with the FAR Council, with the Office of Federal Procurement Policy (OFPP), and similar groups that establish overarching federal contracting policies.

5. Ensuring, in consultation with S&T OGC, that there are proper mechanisms in place for the DHS FFRDCs to report their development of federally funded intellectual property, track and report on such federally funded intellectual property as required by applicable law and DHS policies, and promote the technology transition of such developments to end users.

6. Assuring the Secretary that the above provisions are being satisfied by making a specific statement in the Annual Review Assessment required in accordance with [Appendix A](#).

D. Oversee DHS use under a multiple agency sponsorship agreement of FFRDCs for which DHS is not the primary sponsor by:

1. Ensuring that the multiple agency sponsorship agreement contains a DHS-specific core statement defining the nature of the strategic relationship between the FFRDC, its primary sponsor, and DHS; the general scope of efforts to be performed for DHS; and core competencies the FFRDC must maintain so that it can assist in accomplishing the DHS mission.

2. Serving as the single DHS point of contact to conduct reviews of proposed actions (in consultation with the contracting activity and S&T OGC) and recommending to the contracting activity authorization of work by such FFRDCs. Such reviews will ensure that all work proposed by DHS users to be performed by the FFRDC is suitable for an FFRDC and within the purpose, mission, general scope of effort, or special competency of the FFRDC as delineated in the DHS-specific core statement.

3. Consulting regularly with the DHS Office of the Chief Procurement Officer to ensure that DHS FFRDC operational practices are consistent with prevailing federal standards on FFRDC management and to ensure that DHS FFRDC interests are properly represented with the FAR Council, with OFPP, and similar groups that establish overarching federal contracting policies.

4. Ensuring, in consultation with S&T OGC, that there are proper mechanisms in place for the FFRDCs to report their development of federally funded intellectual property, track and report on such federally funded intellectual property as required by applicable law and DHS policies, and promote the technology transition of such developments to end users.

5. Ensuring, on behalf of the Secretary and all other FFRDC customers, that the multiple agency FFRDCs to which DHS is a sponsor, but not the primary sponsor, are being continually assessed for quality, cost-effectiveness, conformity with the policies in this MD, and return on investment factors using Annual Review Assessment required in accordance with [Appendix A](#).

E. Oversee DHS use of non-DHS-sponsored FFRDCs (i.e., DHS is neither the primary sponsor nor a party to a multiple agency sponsorship agreement) by:

1. Acting as the primary DHS focal point for work to be performed by non-DHS FFRDCs and reviewing descriptions of work to ensure that the work is within the scope of the non-DHS FFRDC. Such reviews will ensure that work proposed by DHS users to be performed by a non-DHS FFRDC is suitable for that FFRDC and within its purpose, mission, general scope of effort, or special competency of the FFRDC as delineated in the core statement. US(S&T) will further review descriptions of all work to ensure that the work could not be appropriately performed by a DHS-sponsored FFRDC (i.e., DHS is either the primary sponsor or a party to a multiple agency sponsorship agreement) and that the work is (a) appropriate for an FFRDC and (b) consistent with that FFRDC's sponsoring agreement. If the proposed work is within the core statement of a DHS-sponsored FFRDC, the US(S&T) will work with the users to determine whether the proposed use of the non-DHS-sponsored FFRDC is appropriate.

2. Acting as the primary DHS focal point for work to be performed by DOE national laboratories pursuant to a "work for others" arrangement formalized by the Memorandum of Agreement Between Department of Energy and Department of Homeland Security dated February 23, 2003, and in accordance with 6 U.S.C. § 189(a)(1)(c). The DHS Office of National Laboratories (within the US(S&T)) will be the primary point of contact to conduct reviews (in consultation with S&T OGC, as required) and recommend contracting activity approval of work by such DOE national laboratories via an Inter-Agency Agreement. Pursuant to 6 U.S.C. § 189(g), the DHS Office of National Laboratories will review all statements of work issued from DHS and directed to DOE national laboratories prior to preparation of a final procurement requisition package and submission to the DHS contracting activity for processing. Such

reviews will ensure that work proposed by DHS users to be performed by the DOE national laboratories complies with the terms and conditions of the prime contracts between DOE and each of the national laboratory operators.

3. Ensuring, in consultation with S&T OGC, that there are proper mechanisms in place for the non-DHS FFRDCs to report their development of federally funded intellectual property, track and report on such federally funded intellectual property as required by applicable law and DHS policies, and promote the technology transition of such developments to end users.

F. Liaise with other federal agencies that operate FFRDCs to ensure that DHS FFRDC management practices and procedures represent the “best practice” among federal agencies.

The reviews and other requirements of this section are intended to represent a minimally intrusive approach to achieve S&T coordination called for in Title 6 U.S.C. § 186(b).

## VI. Policy & Procedures

Title 6 U.S.C. § 185 authorizes the Secretary, acting through the US(S&T), to establish or contract with one or more FFRDCs to provide independent analysis of homeland security issues, or to carry out other responsibilities assigned under the Act.

A. **Primary Sponsor.** Consistent with the authorizing legislation, the US(S&T) is designated as the primary sponsor for DHS-sponsored FFRDCs. The US(S&T) establishes, manages, and administers the FFRDCs via the sponsoring agreement, which contains the core statement and defines specific policies and procedures relating to the management and administration of the FFRDC. On a case-by-case basis, other Components may be designated as the sponsor of an FFRDC; however, that Component shall closely conduct its management thereof with US(S&T).

B. **DHS Sponsor.** Consistent with the authorizing legislation, the US(S&T) is designated as the DHS Sponsor for establishment and administration of multiple agency sponsorship agreements enabling DHS use of FFRDCs whose primary sponsor is a different government agency.

1. The US(S&T) shall establish and administer the DHS-specific portion of the multiple agency sponsorship agreement which shall contain, at a minimum:

a. The core statement governing DHS use of the FFRDC;

- b. Procedures for annual assessment of the performance (including cost, quality, and timeliness) of the FFRDC on DHS-sponsored work;
- c. DHS procedures for avoidance of individual and organizational conflict of interest;
- d. DHS procedures for protection of sensitive and proprietary information.

2. The multiple agency sponsorship agreement may contain additional DHS-specific policies and procedures if appropriate (e.g., level of effort for DHS-sponsored work).

C. **Core Statement.** FFRDCs shall be used in a manner that is consistent with their core statement. The core statement will be part of or incorporated by reference into the sponsorship agreement. The core statement must be specific enough to differentiate between work that is within the purpose, mission, general scope of effort, or special competency of the FFRDC and work that is not. The US(S&T) maintains a core statement for each FFRDC for which DHS is the primary sponsor or is a sponsoring party under a multiple agency sponsorship agreement and reviews work proposed by DHS users to ensure that it is consistent with the core statement.

D. **Sponsoring Agreement.** DHS shall administer and use FFRDCs in a manner that is consistent with their sponsoring agreements. The specific content of a sponsoring agreement may vary depending on the nature of the relationship between DHS and the FFRDC. Sponsoring agreements may be supplemented with operating instructions; however, at a minimum sponsoring agreements must include the following:

- 1. Core statement, as described in paragraph VI.C above.
- 2. Provisions for the orderly termination or nonrenewal of the contract, disposal of assets, retention and/or disposition of retained earnings, and settlement of liabilities. The responsibility for capitalization of the FFRDC must be defined in such a manner that ownership of assets may be readily and equitably determined upon termination of the FFRDC's relationship with DHS.

3. A prohibition against the FFRDC competing with any non-FFRDC concern in response to a formal federal agency request for proposal for other than the operation of an FFRDC or certain types of broad agency announcements. This prohibition is ordinarily applied to any parent organization in its non-FFRDC operations. The US(S&T) may expand this prohibition as deemed necessary and appropriate for DHS-sponsored FFRDCs.

4. A determination of whether the FFRDC may accept work from other than DHS (nonsponsors). If nonsponsor work can be accepted, a description of the procedures to be followed will be included, along with any limitations as to the nonsponsor from which work can be accepted (e.g., other federal agencies; state, local or foreign governments; or not-for-profit organizations that operate in the public interest; that is, public charities). An FFRDC for which DHS is the primary sponsor may only perform core work as defined in its core statement and in accordance with the following guidelines:

- a. The US(S&T) or its designee must approve all work.
- b. Work may only be accepted from DHS, other federal entities, state and municipal governments, and not-for-profit organizations that operate in the public interest; i.e., public charities.
- c. A DHS FFRDC may accept no commercial work.

5. Limitations on non-FFRDC work by the parent institution. Parent institutions operating DHS-sponsored FFRDC(s) may perform non-FFRDC work subject to US(S&T) or its designee review for compliance with established criteria mutually agreed upon by the US(S&T) and the parent institution. The criteria shall be addressed in the sponsoring agreement. In establishing these criteria, the following guidelines shall be used:

- a. Non-FFRDC work by parent institutions should be in the national interest, such as addressing economic, social, or governmental issues.
- b. 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.
- c. Non-FFRDC work shall not be acquired by taking unfair advantage of the parent institution's operation of its FFRDC(s) or of information that is available to that parent institution only through its FFRDC(s).

d. Non-FFRDC work may be done for public sector entities and not-for-profit organizations that operate in the public interest; e.g., public charities. Commercial work (i.e., work for for-profit entities) may only be accepted if the sponsor grants a specific exception in writing for the commercial work request at issue. If the sponsor grants an exception, such work may not exclusively benefit any individual for-profit entity to avoid the appearance that an FFRDC parent organization is endorsing a particular product, company, or industrial process.

e. There are no specified dollar limits on the volume of non-FFRDC work. However, subject to any specific terms in the sponsoring agreement, the US(S&T) will periodically assess whether the non-FFRDC work performed by the parent institution is impairing its ability to perform its FFRDC work.

f. Universities operating DHS-sponsored FFRDCs are not restricted from performing non-FFRDC work. Such work must be obtained, however, in a manner compliant with applicable procurement policies to ensure that the work is not acquired through an unfair advantage associated with the FFRDC mission, purpose, or special relationship.

6. Technology transfer activities. Sponsoring agreements may include authority for FFRDCs to participate with industry in technology transfer activities when appropriate. The US(S&T) will include adequate safeguards to ensure the FFRDC remains free of organizational 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 US(S&T) or its designee on a case-by-case basis.

7. A description of the procedures used to make an annual assessment to evaluate performance in the areas of technical quality, responsiveness, value, cost and timeliness. A description of the feedback mechanism used to identify and resolve any perceived or real problems is also required. The US(S&T) maintains and implements the annual assessment procedures for DHS-sponsored FFRDCs and provides feedback to the primary sponsor.

8. Advance Agreements. When cost-type contracts are used, the US(S&T) should identify any cost elements or fees that require advance agreement and/or approval. Such items may include, but are not limited to personnel compensation, depreciation, various indirect costs such as independent research and development, or others as deemed appropriate by the sponsor. Any excess funding will be deobligated and returned to DHS.

9. Prepublication review policies. While DHS is sensitive to the need for the FFRDC, or its parent institution, to publish its research findings in appropriate professional fora, the US(S&T) in the sponsorship agreement will ordinarily establish pre-publication controls on the publication of research results that have been funded by DHS, or another US government sponsor that wishes to limit dissemination of the findings. This restriction is necessary to protect the needs of the government to enjoy a long-term and “trusted agent” relationship with the FFRDC’s parent institution and the need for the FFRDC to have extraordinary levels of access to sensitive government information.

E. ***FFRDC Level of Effort.*** It is the policy of DHS to use staff years of technical effort (STEs) in sizing and managing DHS-funded FFRDC work. Although the total number of STEs available will be constrained by DHS budgetary considerations, STEs will provide a standard measure across all of DHS’ FFRDCs for projecting DHS workload and funding requirements. [Appendix B](#) contains the standard definition of STEs to be used in computing workload requirements. DHS reserves the right to establish on an annual basis (and prior to each new fiscal year) a ceiling on the maximum number of STEs for DHS-funded FFRDC work (including work by DHS-sponsored FFRDCs, DHS work by FFRDCs under multiple agency sponsorship agreements, and DHS work by FFRDCs sponsored by other government agencies).

1. General guidelines. Annual levels of effort shall be based upon application of the core concept and the following guidelines:

- a. Maintain a relatively stable level of effort; and
- b. Maintain competency in core areas.

2. Establishment of level of effort. The US(S&T) will establish a workload annually by STE for each FFRDC based on:

- a. DHS needs;
- b. A determination that those needs require one or more of the core capabilities of the FFRDC; and

c. The general guidelines laid out in subparagraph V1.E.1. above.

3. Nonsponsor use of DHS-sponsored FFRDCs. FFRDC work funded using non-DHS appropriations will comply with the same policies and constraints as DHS-funded work and will be reported in accordance with [Appendix A](#).

F. **Strategic Relationship.** It is the policy of DHS to maintain a strategic relationship with each FFRDC for which DHS is the primary sponsor or is a party to a multiple agency sponsorship agreement. Strategic relationships enable FFRDCs to develop and maintain in-depth knowledge of their sponsor's programs and operations; to maintain continuity and currency in their special fields of expertise, and a high degree of competence in their staff and work; to maintain their objectivity and independence; and to respond to the emerging needs of their sponsor and users. The US(S&T) fosters the strategic relationship by:

1. Ensuring that DHS users are aware and make appropriate use of the capabilities accessible via FFRDC sponsoring agreements (including multiple agency sponsorship agreements);
2. Helping to ensure that the FFRDC has access to all necessary information required to effectively execute assigned tasks;
3. Helping to ensure that the FFRDC has sufficient insight into DHS priorities and emerging issues to enable FFRDC management to sustain and adapt FFRDC competencies consistent with its core statement; and
4. Providing oversight to guard against conflict of interest issues.

G. **Comprehensive Review.** For DHS-sponsored FFRDCs, prior to renewal of the FFRDC contract, the US(S&T) shall conduct a comprehensive review of the continuing use of and need for the FFRDC. This review must comply with FAR 35.017. The resulting determination to approve continuation or termination of the sponsorship shall be made by the US(S&T) in consultation with the relevant Component customers prior to the anticipated contract renewal date. [Appendix C](#) contains guidelines for the conduct of comprehensive reviews to ensure consistency and thoroughness in the review process.

H. **Reports.** The Secretary of Homeland Security requires specified and *ad hoc* reports in order to perform necessary oversight functions and responsibilities. The schedule and content of reports and other submissions currently required are shown in [Appendix A](#).

I. **The Office of the Inspector General (OIG)**. OIG is responsible under the Inspector General Act of 1978, as amended, to oversee programs of the DHS, including activities conducted by and through FFRDCs, and has the right to access any DHS and FFRDC records relating to programs receiving support from DHS. Nothing in this MD or any sponsoring agreement shall limit the authority of the OIG as prescribed by the Inspector General Act and MD 0810.1, The Office of Inspector General.

J. **Requirements to Work with FFRDCs**. The process for working with FFRDCs begins with the identification of a requirement and early in the acquisition planning stage. Potential task sponsors should contact the appropriate program management office within US(S&T) when a requirement exists to determine if the potential task is within the general scope of effort, mission, purpose, or special competency of an FFRDC. US(S&T) will post detailed guidance on the dhs.gov website on how to work with FFRDCs. The program management office will provide guidance and assistance to task sponsors. [Appendix D](#) is an overview of the process.

## REPORTING REQUIREMENTS FOR DHS FFRDCs

ANNUAL REPORTING REQUIREMENTS	DUE DATE	DESCRIPTION
Annual Report on Staff Years of Technical Effort (STEs) and Funding	15 November	Provide the Secretary of Homeland Security with a report showing STEs and associated funding data (DHS and non-DHS). US(S&T) will provide required data for: (1) Congressional Reporting (2) Budget Estimates.
Mid-Year Status Update	30 April	Provide the Secretary of Homeland Security a report for use in monitoring FFRDC obligations (DHS and non-DHS). The report should address the US(S&T)'s ability to use and fund all authorized DHS-funded STEs; if excess STEs are anticipated; and if exceptions are anticipated.
Annual Review Assessment	30 days after completion of the assessment	Provide to the Secretary of Homeland Security a copy of the annual review assessment. The requirements for an annual assessment may be met by the Comprehensive Review during the year that a Comprehensive Review is required.
Changes to Sponsoring Agreement or Core Statement	Within 30 days of change implementation	Provide the Secretary of Homeland Security with copies of changes to the sponsoring agreement or core statement.
Comprehensive Review Notification	One year prior to due date of the review	Advise the Secretary of Homeland Security of Comprehensive Review initiation. The Secretary of Homeland Security will advise the US(S&T) of any special review requirements.
Comprehensive Review	NLT 90 days prior to renewal of the FFRDC contract	Provide to the Secretary of Homeland Security the results of the Comprehensive Review for the use and need of the FFRDC in accordance with this MD (see <a href="#">Appendix C</a> ) and FAR Part 35.017. Secretary of Homeland Security concurrence is required prior to renewal of the FFRDC contract.

## **STAFF YEAR OF TECHNICAL EFFORT (STE)**

In calculating workload requirements to be delivered during the fiscal year, FFRDCs and the US(S&T) shall use the standard definition of STE and work year shown below:

- STEs apply 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, systems planning, and program and policy planning and analysis.
- Minimum educational requirements for STE employees and consultants are a baccalaureate degree from an accredited college or university. In rare instances, non-degree personnel may be included, but only if they possess the equivalent of a baccalaureate degree in education and experience, and are performing work of the same type and level as that performed by degreed STE employees.
- An STE work year is defined to be 1,810 hours of paid effort for technical services. STE work years include both FFRDC employees and subcontracted consultant technical effort.

## **COMPREHENSIVE REVIEW GUIDELINES FOR DHS- SPONSORED FEDERALLY FUNDED RESEARCH AND DEVELOPMENT CENTERS (FFRDCs)**

**PURPOSE:** The purpose of the comprehensive review is to analyze formally the use and need for the FFRDC in order to assist the Secretary of DHS in determining whether to continue sponsorship of the FFRDC. The FFRDC sponsor will perform the comprehensive review with the advice and assistance of the office of the US (S&T) and the contracting activity.

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

- Identify the FFRDC, its primary 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.

- Consider 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 another existing FFRDC. 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 a 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 performance and the steps taken to resolve them.

## APPENDIX C

- Assess the FFRDC management controls to ensure cost-effective operation (FAR 35.017-4(c) (4)).

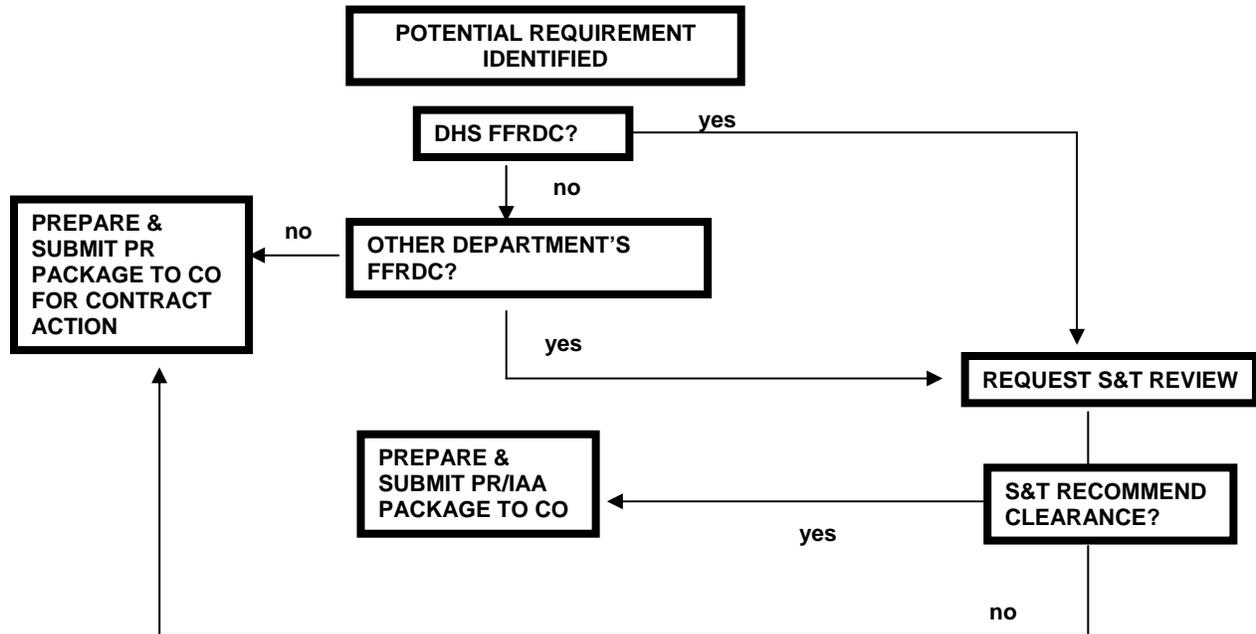
Discuss accounting and purchasing systems; overhead costs and fees; oversight actions taken to verify cost-effective operations; and other management issues as deemed appropriate.

- Determine that the criteria for establishing the FFRDC are satisfied and that the sponsoring agreement is in compliance with FAR 35.017, FAR 35.017-2, and DHS MD 143-04 on Establishing or Contracting with Federally Funded Research and Development Centers (FFRDCs). 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.

- Provide a recommended course of action that is signed by the head of the sponsoring agency.
- Work closely with the contracting office and the office of the US (S&T) and Component customers most affected by a termination decision in accomplishing the comprehensive review and prior to forwarding the recommendation(s) to the Secretary.
- Obtain the DHS Secretary's concurrence with the results of the comprehensive review prior to renewal of the contract or termination of the FFRDC.

## WORKING WITH FFRDCs: AN OVERVIEW



- S&T review consists of analyzing the requirement; ensuring tasks are within the FFRDC's purpose, mission, general scope of effort, or special competency; and that the appropriate authority is cited (e.g., Economy Act, Section 305 of the HSA, or other).
  - Contracting Officer is responsible for Determinations & Findings pursuant to FAR 17 and executing subsequent Interagency Agreements (IAAs).
- Note: If sponsoring agency is not FAR covered, approval authority is CPO.