

National Oceanic and Atmospheric Administration	NOAA Administrative Order 216-109A	
NOAA ADMINISTRATIVE ORDER SERIES	DATE OF ISSUANCE April 30, 2013	EFFECTIVE DATE April 30, 2013
SUBJECT  POLICY ON REIMBURSABLE RESEARCH AND DEVELOPMENT		

**SECTION 1. PURPOSE AND SCOPE.**

01. This Order establishes the National Oceanic and Atmospheric Administration's (NOAA) policy for reimbursable research and development (R&D) by NOAA laboratories. The Order covers: 1) criteria for the acceptance of reimbursable R&D work by NOAA laboratories; 2) responsibilities for oversight of reimbursable R&D work; 3) mechanisms for elevating the level of oversight; and 4) a process for developing corrective action plans and granting exemptions. This Order applies to all NOAA laboratories as defined in Section 2.02.
02. Pursuant to the Economy Act (Title 31 U.S.C. Section 1535) and other applicable statutes, NOAA cooperates with public and private agencies through reimbursable projects, consistent with the need to carry out its authorized programs and the general policies of the Federal Government in an effective and efficient manner. In general, reimbursable work (including reimbursable R&D work) may be accepted provided: 1) performance of the work will enhance NOAA's ability to fulfill its mission; 2) the work cannot be performed economically by the requesting agency with its own facilities or by government-wide service agencies; 3) the performance of the project by NOAA is in the best interest of the Federal Government; and 4) the work can be performed by NOAA more effectively than by the private sector due to NOAA's unique expertise and activities.
03. Because of their unique expertise and capabilities, NOAA laboratories may conduct reimbursable R&D work for other agencies. The acceptance of reimbursable R&D work can result in significant benefits to both NOAA and the sponsoring agency.
04. Reimbursable R&D work shall directly support NOAA's mission and not subordinate work supporting NOAA's mission priorities. The NOAA Strategic Plan, 5-Year R&D Plan, 20-Year R&D Vision, and the Strategy, Execution, and Evaluation (SEE) process serve as guidance in determining whether reimbursable R&D work may be appropriate at NOAA laboratories.
05. In general, NOAA laboratories should obtain the majority of their funding support (more than 50 percent) from NOAA appropriated funds to ensure the respective laboratories remain focused on NOAA's R&D needs. In addition, each NOAA

laboratory should have sufficient NOAA appropriated funds to pay for all NOAA federal full time equivalents (FTEs) (at least 125 percent) within the laboratory.

## **SECTION 2. DEFINITIONS.**

01. Research and Development: Research and development (R&D) at NOAA is defined consistent with the definitions used by the National Science Foundation<sup>1</sup>.
  - a. Research is systematic study directed toward fuller scientific knowledge or understanding of the subject studied.
  - b. Development is systematic use of the knowledge or understanding gained from research, directed toward the production of useful materials, devices, and systems or methods, including design, development, and improvement of prototypes and new processes.
  - c. Demonstration activities that are part of research or development (i.e., that are intended to prove or to test whether a technology or method does, in fact, work) should be included. Demonstrations intended primarily to make information available about new technologies or methods should not be included.
  - d. R&D plant (R&D facilities and fixed equipment, such as reactors, wind tunnels, and particle accelerators): acquisition of, construction of, major repairs to, or alterations in structures, works, equipment, facilities, or land for use in R&D activities at Federal or non-Federal installations. Excluded from the R&D plant category are expendable or movable equipment (e.g., spectrometers, microscopes) and office furniture and equipment. Also excluded are the costs of pre-design studies (e.g., those undertaken before commitment to a specific facility). These excluded costs should be reported under total conduct of research and development. Obligations for foreign R&D plant are limited to Federal funds for facilities located abroad and used in support of foreign research and development (NSF, 2009).
02. NOAA laboratory: An internal NOAA institution or combination of NOAA institutions whose primary function is the performance of R&D and that are aggregated within a single Financial Management Center (FMC).
03. NOAA appropriated funds: Funds enacted by the Congress for the National Oceanic and Atmospheric Administration.

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<sup>1</sup> National Science Foundation (NSF), Division of Science Resources Statistics. 2009. Federal Funds for Research and Development: Fiscal Years 2006-08. Detailed Statistical Tables NSF 10-303. Arlington, VA. <http://www.nsf.gov/statistics/nsf10303/pdf/nsf10303.pdf>

04. Reimbursable R&D work: R&D work supported by funds other than NOAA appropriated funds.

### **SECTION 3. POLICY.**

01. This Order establishes criteria for the acceptance of reimbursable R&D work by NOAA laboratories, identifies oversight responsibilities, and provides a mechanism for developing corrective action plans and exemption requests.
02. Laboratory Directors shall:
- a. Ensure that all reimbursable R&D work directly supports NOAA's mission, and does not subordinate work supporting NOAA's mission priorities. The NOAA Strategic Plan, 5-Year R&D Plan, 20-Year R&D Vision, and the Strategy, Execution, and Evaluation (SEE) process serve as guidance in determining whether reimbursable R&D work may be appropriate at NOAA laboratories.
  - b. Ensure that reimbursable R&D funds are not used solely to cover shortfalls in funding needed to maintain laboratory programs and/or workforce.
03. Assistant Administrators shall provide oversight and conduct annual reviews of reimbursable R&D work for NOAA laboratories under their purview to ensure compliance with Section 3.02 of this Order.
04. The NOAA Chief Financial Officers (CFO) Council will evaluate reimbursable R&D funding at NOAA laboratories following the end of year close-out and submit the results in a report to the Assistant Administrators and the NOAA Research Council. A NOAA laboratory will be identified for higher-level review in the NOAA CFO Council report if:
- a. 50 percent or less of its total funding is from NOAA appropriated funding sources, and/or
  - b. Total NOAA appropriated funds for the laboratory is less than 125 percent of its cost of salaries and benefits for all FTEs.
05. Assistant Administrators shall develop corrective action plans or exemption requests for review by the NOAA Research Council for any NOAA laboratories under their purview that are identified for higher level review by the NOAA CFO Council.
06. The NOAA Research Council shall review all proposed corrective action plans and exemption requests and forward them, along with its recommendations, to the Deputy Under Secretary for Operations (DUSO) for approval.

07. The DUS-O shall review all proposed corrective action plans and exemption requests forwarded by the NOAA Research Council. The DUSO shall have the final approval authority or may, at his/her discretion, forward proposed corrective action plans and exemption requests to the NOAA Executive Council for its consideration and approval.

#### **SECTION 4. RESPONSIBILITIES.**

01. The NOAA Executive Council, the DUSO, the NOAA Research Council, the NOAA CFO Council, Assistant Administrators, Laboratory Directors, and NOAA Program Managers shall provide management support to implement this policy and to develop and implement associated procedures.
02. The NOAA Executive Council shall have final approval authority for corrective action plans or exemption requests forwarded by the DUSO.
03. The DUSO shall review all proposed corrective action plans and exemption requests forwarded by the NOAA Research Council. The DUSO shall have final approval authority but may, at his/her discretion, forward proposed corrective action plans or exemption requests to the NOAA Executive Council for its consideration and approval.
04. The NOAA Research Council is responsible for the following:
  - a. Reviewing results of the NOAA Chief Financial Officers Council assessments of reimbursable R&D work at NOAA laboratories;
  - b. Reviewing proposed corrective action plans and exemption requests submitted by Assistant Administrators;
  - c. Submitting proposed corrective action plans and exemption requests to the DUSO for approval;
  - d. Monitoring the implementation of all approved corrective action plans to ensure they are implemented in a timely manner; and
  - e. Issuing guidance and revising existing procedures as needed to support this Order.
05. The NOAA Chief Financial Officers Council is responsible for performing annual assessments of reimbursable R&D funding for all NOAA laboratories following the end of year close-out and submit their results in a report to the Assistant Administrators and the NOAA Research Council.
06. Assistant Administrators are responsible for the following:

- a. Ensuring that the laboratories adhere to the requirements of this Order;
- b. Performing annual reviews of their laboratories;
- c. Providing monthly and annual reports to the NOAA Chief Financial Officer and to relevant staff on reimbursable funding and FTE usage;
- d. Developing corrective action plans or exemption requests for any laboratory that does not meet the criteria in Section 3.04 of this Order; and
- e. Ensuring that all approved corrective actions are implemented in a timely manner.

07. Laboratory Directors are responsible for the following:

- a. Ensuring that their laboratory complies with the requirements of this Order;
- b. Working with their Assistant Administrator to develop corrective action plans or exemption requests as appropriate; and
- c. Implementing approved corrective actions in a timely manner.

#### **SECTION 5. EFFECT ON OTHER ISSUANCES.**

01. This document supersedes NOAA Administrative Order (NAO) 216-109 Policy on Reimbursable Research dated November 14, 2005.
02. There is no supporting NOAA Delegations of Authority supporting this Order.
03. An electronic copy of this Order will be posted on the NOAA Office of the Chief Administrative Officer website under the NOAA Administrative Issuances Section. <http://www.corporateservices.noaa.gov/~ocao/index.html>



Under Secretary of Commerce  
for Oceans and Atmosphere

Office of Primary Interest:  
Office of Oceanic and Atmospheric Research