

# Turning the Page: Re-imagining the National Labs for the 21<sup>st</sup> Century Innovation Economy

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# Report Motivation

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*“As the U.S. moves deeper into the 21<sup>st</sup> century, the importance of advancing innovation becomes even more important if our nation is to thrive.*

*While the pace of innovation and the complexity of national challenges have accelerated, the labs have not kept stride. The labs’ bureaucracy remains largely unchanged from its decades long history and does not reflect the nimble characteristics of today’s innovation-driven economy.*

*The federal government must reform the labs from their 20<sup>th</sup> century atomic energy-roots to create 21<sup>st</sup> century engines of innovation.”*

# Report Characteristics

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- Report authored by analysts from center-left, center-right, and non-partisan policy organizations
- Scope focused on high-level reforms for the Department of Energy lab system
- The report does not constitute a panacea of solutions – it focused on management and operation issues impacting the research and market-impact of lab investments

# High-Level Areas of Agreement

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- Federally-funded research:
  - Can play a positive role in U.S. economic future
  - Should not replace or crowd-out private sector or university research
  - Should be driven by science and national needs
- Washington should oversee the labs, not micromanage
- Critical to minimize barriers to moving research to market
- Taxpayer resources should be used efficiently
- Market forces can help bring efficiency to lab system
- **The current system needs substantial reform**

# Three Broad Issues Tackled in Report

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- Troubled relationship between DOE and the labs
- Research funding and strategy stovepiping limiting flexibility
- Weak link between the Labs and market
  
- Report Goals:
  - To instill a more flexible management system that moves towards unraveling these issues and changes DOE/lab policy and culture;
  - To not tinker around the edges – these problems have existed for decades with little action. Enough is enough.

# Micromanaging Lab Governance

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- **Issue:** Duplicative layers of DOE bureaucratic rules and regulations
- **Proposal:** Taskforce on DOE-Lab management reform
  - Short-term: Expanded PEMP process as tool for performance accountability
  - Long-term: Transition to a contractor accountability model
    - Process needed to solidify accountability model throughout DOE and labs

# Weak Links Between Labs and Market

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- **Issue:** Weak incentives for Labs to work with industry
- **Proposal:** Provide labs with more tools and flexibility to engage with industry
  - Short-term: Make ACT agreements permanent
  - Short-term: Add a “Technology Impact” category to PEMP process
  - Long-term: Allow labs ability to offer flexible pricing of lab facilities to private sector third parties

# Stovepiped Research Funding

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- **Issue:** Funding inefficiently allocated and disconnected from lab stewardship
- **Proposal:** Break down stovepipes and properly align finance and management
  - Create a unified office of Science and Technology to better integrate research
    - Aim to address broader science and technology problems rather than specific technologies.
    - Avoid bureaucratic structures that promote special-interest research
    - Work to fund larger projects focused on achieving certain goals, allowing lab research and management teams to devise the solutions.

# Summary of Policy Goals

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- Increase the effectiveness of each dollar spent on research to get the greatest benefit to taxpayers
- Ensure that labs are well positioned to leverage private-sector investment in serving the national interest
- Make lab research more nimble, relevant, and accessible to public and private interests

# Thank you, We Look Forward to Your Questions

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