



Perspectives on National Laboratory Cost Accounting Issues

Commission to Review the Effectiveness of the National Energy Laboratories

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Chief Financial Officer
Department of Energy

April 22, 2015

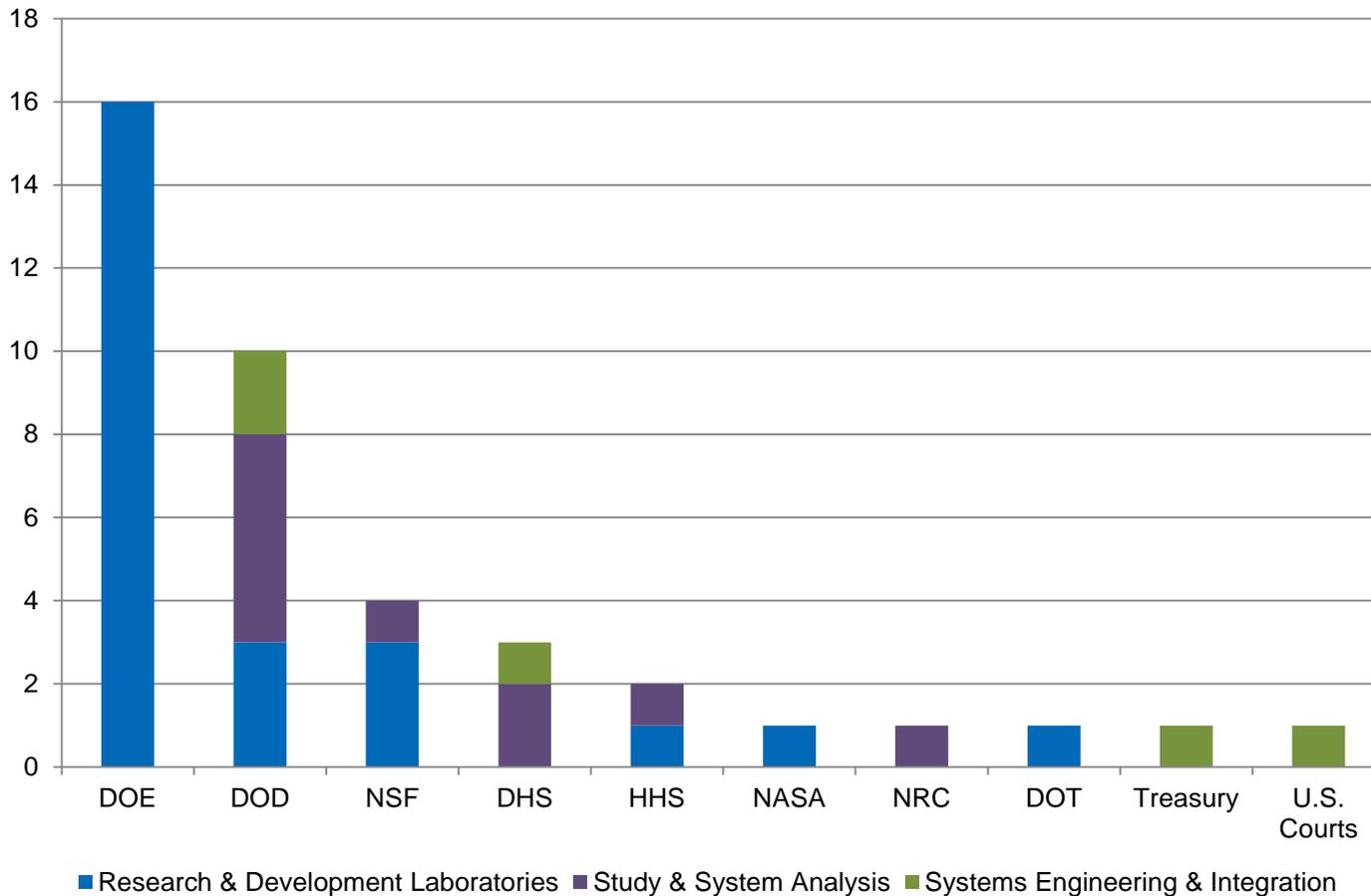
DOE National Laboratories Established as FFRDCs

- Federally Funded Research and Development Centers (FFRDCs) meet some special long-term research or development need which cannot be met as effectively by existing in-house or contractor resources.
- The Federal Acquisition Regulation (FAR), 48 C.F.R. 35.017(a)(2) requires FFRDCs to:
 - Meet a special long-term government R&D need that cannot be met as effectively by the government or the private sector.
 - Work in the public interest with objectivity and independence, and with full disclosure to the sponsoring agency.
 - Operate as an autonomous organization or identifiable operating unit of a parent organization.
 - Preserve familiarity with the needs of its sponsor(s) and retain a long-term relationship that attracts high quality personnel.
 - Maintain currency in field(s) of expertise and provide a quick response capability.



Universe of FFRDCs

- 40 FFRDCs Government-wide
- 25 of 40 are research and development laboratories
- 16 of 25 are DOE National Laboratories

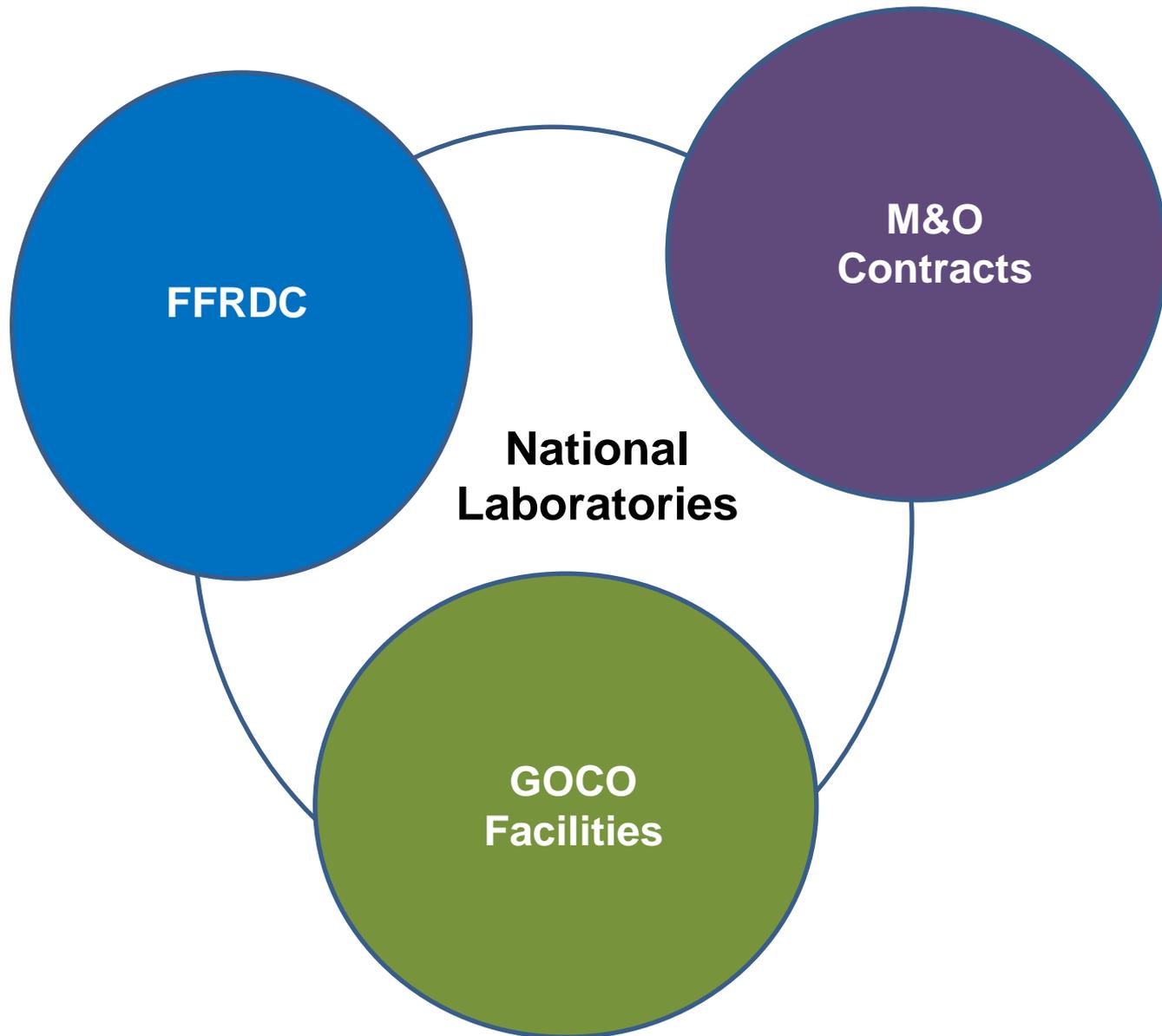


FFRDCs can take many forms

- Alternate federal-FFRDC relationships:
 - government sponsored private organizations
 - government-owned/contractor-operated relationships
 - various balances of contractor/government control and ownership
- Alternate federal funding vehicles:
 - Procurement contracts (used by DOE)
 - Cooperative agreements
 - Other sponsoring agreements
- All 16 DOE National Laboratory FFRDCs are Management & Operating (M&O) contracts.



National Laboratories Have a Unique Governance Structure

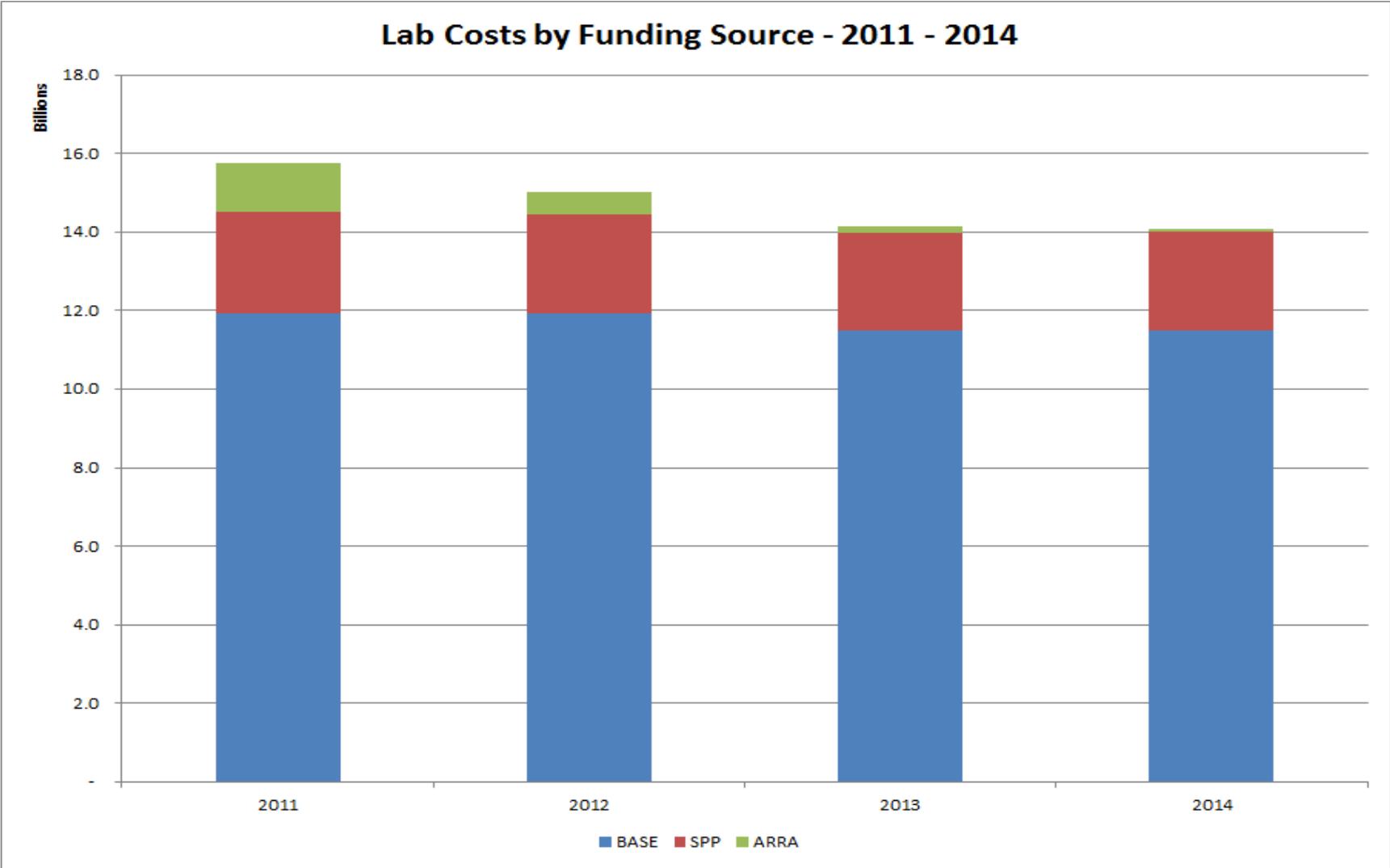


16 DOE FFRDCs Report to 5 Different DOE Offices with Different Contractor Structures

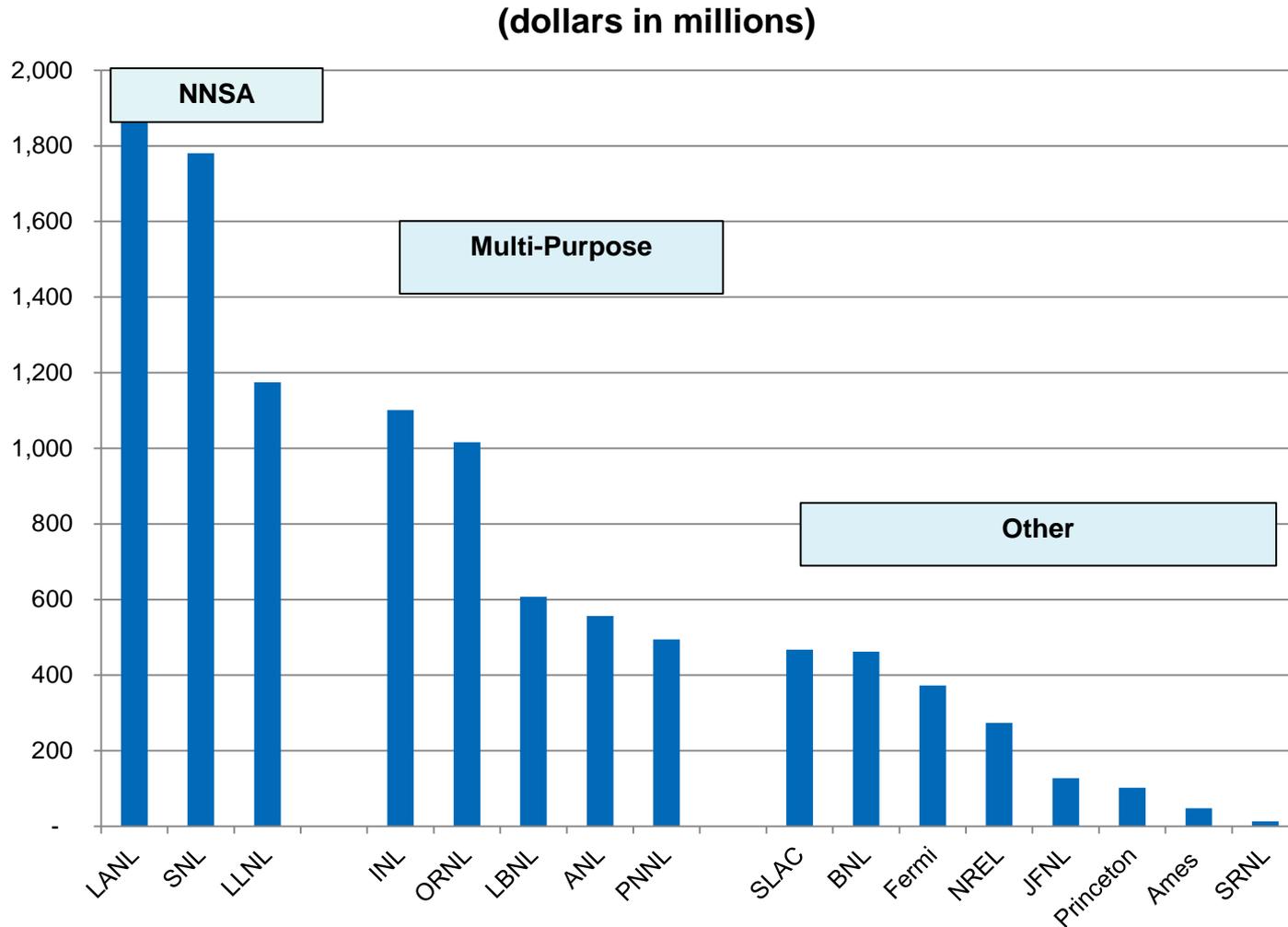
DOE Office	DOE Federally Funded Research Centers	Contractor
Office of Science (SC)	Ames National Laboratory (Ames, IA)	Iowa State University (ISU)
	Argonne National Laboratory (Argonne, IL)	University of Chicago Argonne, LLC
	Brookhaven National Laboratory (Upton, NY)	Brookhaven Science Associates, LLC
	Fermi National Accelerator Laboratory (Batavia, IL)	Fermi Research Alliance, LLC
	Lawrence Berkeley National Laboratory (Berkeley, CA)	University of California
	Oak Ridge National Laboratory (Oak Ridge, TN)	University of Tennessee - Battelle, LLC
	Pacific Northwest National Laboratory (Richland, WA)	Battelle Memorial Institute
	Princeton Plasma Physics Laboratory (Princeton, NJ)	Princeton University
	SLAC National Accelerator Laboratory (Stanford, CA)	Stanford University
	Thomas Jefferson National Accelerator Facility (Newport News, VA)	Jefferson Science Associates, LLC
Office of Nuclear Energy (NE)	Idaho National Laboratory (Idaho Falls, ID)	Battelle Energy Alliance, LLC
Office of Environmental Management (EM)	Savannah River National Laboratory (Aiken, SC)	Savannah River Nuclear Solutions, LLC
Office of Energy Efficiency and Renewable Energy (EERE)	National Renewable Energy Laboratory (Golden, CO)	Alliance for Sustainable Energy, LLC
National Nuclear Security Administration (NNSA)	Lawrence Livermore National Laboratory (Livermore, CA)	Lawrence Livermore National Security, LLC
	Los Alamos National Laboratory (Los Alamos, NM)	Los Alamos National Security, LLC
	Sandia National Laboratories (Albuquerque, NM)	Sandia Corporation - A Subsidiary of Lockheed Martin Corporation



FY 2011-2014 Lab Costs by Funding Source



FY 2015 Funding Levels by National Laboratory

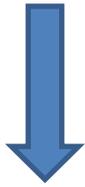


National Laboratory Cost Accounting Practices

- DOE National Laboratories are subject to Cost Accounting Standards (CAS) for government contracts. (There are several practices that deviate from CAS -- e.g. pension costs).
- The Laboratories are required to follow the financial, accounting, and internal control policies published by the Department's Chief Financial Officer.
- Laboratory Contractors develop cost accounting methods that are compliant with CAS and DOE policy and describe those practices in the Cost Accounting Disclosure statements.
 - Disclosures statements are reviewed by the Field CFOs and adequacy is determined by the Contracting Officer
- The Laboratory contractor is responsible for establishing final cost objectives. These objectives should be established for each separately funded:
 - Project
 - Task
 - Reimbursable Work Objective
- Elements of the Laboratories financial information (e.g. fund, appropriation year, Standard General Ledger, program value) are integrated into the DOE financial statements and that information is audited as part of the audit of the DOE financial statements.



Reporting of Lab Costs



Monthly Interface – DOE General Ledger

- TAFS (Fund Value)
- Appropriation Year
- Reporting Entity
- SGL
- Object Class (mainly 25 and 31)
- Program Value / BNR

Annual – Institutional Cost Report (ICR)

Original Costs

- Based on nature of cost when first paid by the Labs
- Similar to object class

Overhead Costs

- Indirect vs. Direct
- 28 Indirect Categories

Functional Costs

- Provides break-out of direct costs into indirect categories where possible

Institutional Cost Report (ICR)

- The National Laboratory M&O Contractors provide very summary level object class data in their feeds to the DOE financial management system (STARS).
- The ICR was established to provide DOE with additional visibility into the nature and type of costs incurred.
- Since 2011, CFO has collected annual ICR data from 30 contractors
 - 22 M&O contractors (16 of 17 labs, excluding NETL)
 - 8 non-M&O contractors
- Total cost by contractor is reconciled to DOE financial management system (STARS) – at the total budget level only.



ICR Provides Two Sets of Data

Original Costs – 16 Categories

- Functional costs that most closely align to object class data (e.g., salaries, benefits, travel) and are classified based on cost type when first paid by the contractor and before they lose their identity through overhead allocations.

Overhead Costs – 28 Categories

- Cost categories that are allocated through a cost pool.
- Allocation processes are established individually by each laboratory (e.g. Service Centers)

Original costs = overhead costs + direct costs = STARS total costs



ICR Crosscuts: Original Costs = Overhead + Direct Costs (Labs only)



Original Costs (in millions)	2011	2012	2013	2014
Salaries	5,958.9	5,897.1	5,821.8	5,843.7
Defined Benefit Plans	671.0	770.2	589.7	636.8
Defined Contribution Plans	264.7	245.7	268.8	273.5
Active Medical Plans	616.6	611.0	609.2	615.0
Legally Mandated Plans	430.3	415.5	430.8	435.0
Retiree Medical Plans	171.8	205.8	170.6	178.9
Other Benefits	132.0	121.6	115.0	110.3
Travel	265.6	251.4	220.7	220.7
Electricity	227.4	200.1	203.6	215.0
Other Utilites	33.4	37.7	54.5	59.4
Facility Leases	120.5	100.0	104.3	115.8
Other Procurements	2,546.5	2,267.9	2,214.1	2,251.4
Subcontracts	3,983.9	3,604.7	3,066.9	2,753.9
Management Award/ Incentive Fees	327.3	272.1	266.1	256.3
Taxes	196.8	172.4	140.1	131.6
Other Original Costs	87.7	42.3	(35.7)	7.6
Suspense/Variance/Other Reconciling Differences	(276.1)	(200.1)	(83.7)	(40.0)
Total	15,758.3	15,015.4	14,156.8	14,064.9

Overhead / Direct Costs (in millions)	2011	2012	2013	2014
Executive Direction	149.2	130.8	126.8	155.6
Human Resources	160.2	157.8	153.7	155.2
Chief Financial Officer	123.7	125.4	128.3	131.8
Internal Audit	20.1	20.5	18.2	18.8
Procurement/ Acquisition	100.4	108.3	101.1	100.1
Legal	47.5	58.5	56.5	70.5
Central Administrative Support	116.0	103.8	94.3	102.3
Program/Project Planning & Control	151.1	157.1	169.2	165.2
Technology Transfer	63.4	58.4	54.5	49.3
Outreach Activities	107.4	106.5	95.8	90.0
Business Development	77.8	95.0	101.2	105.4
Information Management	610.0	614.3	639.1	668.6
Environmental	131.8	122.9	132.6	121.9
Safety & Health	358.1	353.0	351.6	359.4
Facilities Management	420.8	403.2	405.9	412.8
Maintenance - Facilities	251.6	273.4	294.4	291.9
Maintenance - General	264.5	203.1	167.2	171.6
Utilities	301.1	318.9	322.5	328.9
Safeguards & Security	36.8	48.3	49.5	47.7
Safeguards & Security WFO Funded	31.6	38.2	37.1	40.3
Cyber Security	14.6	11.3	11.8	23.6
Logistical Support	110.5	101.9	108.7	106.4
Quality Assurance	66.1	60.7	54.4	54.7
Management Award / Incentive Fee	314.1	271.8	259.1	257.4
Taxes	182.3	149.1	133.1	134.5
LDRD*	373.1	368.4	368.6	337.7
IGPP/IGPE	119.8	97.3	103.5	87.7
Organizational Management / Other	981.9	811.5	748.8	798.6
Direct Costs - Other	10,440.3	9,833.4	8,946.4	8,726.2
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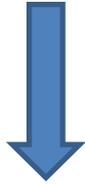


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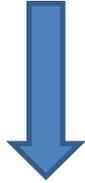
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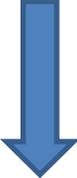
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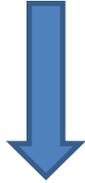


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Organizational Management / Other	981.9	811.5	748.8	798.6
Direct Costs - Other	10,440.3	9,833.4	8,946.4	8,726.2
Suspense/Variance/Other Reconciling Differences	(367.5)	(187.4)	(77.1)	(49.2)
Grand Total	15,758.3	15,015.4	14,156.8	14,064.9

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ICR Crosscuts: Original Costs = Overhead + Direct Costs (Labs only)



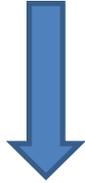
Original Costs (in millions)	2011	2012	2013	2014
Salaries	5,958.9	5,897.1	5,821.8	5,843.7
Defined Benefit Plans	671.0	770.2	589.7	636.8
Defined Contribution Plans	264.7	245.7	268.8	273.5
Active Medical Plans	616.6	611.0	609.2	615.0
Legally Mandated Plans	430.3	415.5	430.8	435.0
Retiree Medical Plans	171.8	205.8	170.6	178.9
Other Benefits	132.0	121.6	115.0	110.3
Travel	265.6	251.4	220.7	220.7
Electricity	227.4	200.1	203.6	215.0
Other Utilites	33.4	37.7	54.5	59.4
Facility Leases	120.5	100.0	104.3	115.8
Other Procurements	2,546.5	2,267.9	2,214.1	2,251.4
Subcontracts	3,983.9	3,604.7	3,066.9	2,753.9
Management Award/ Incentive Fees	327.3	272.1	266.1	256.3
Taxes	196.8	172.4	140.1	131.6
Other Original Costs	87.7	42.3	(35.7)	7.6
Suspense/Variance/Other Reconciling Differences	(276.1)	(200.1)	(83.7)	(40.0)
Total	15,758.3	15,015.4	14,156.8	14,064.9

Overhead / Direct Costs (in millions)	2011	2012	2013	2014
Executive Direction	149.2	130.8	126.8	155.6
Human Resources	160.2	157.8	153.7	155.2
Chief Financial Officer	123.7	125.4	128.3	131.8
Internal Audit	20.1	20.5	18.2	18.8
Procurement/ Acquisition	100.4	108.3	101.1	100.1
Legal	47.5	58.5	56.5	70.5
Central Administrative Support	116.0	103.8	94.3	102.3
Program/Project Planning & Control	151.1	157.1	169.2	165.2
Technology Transfer	63.4	58.4	54.5	49.3
Outreach Activities	107.4	106.5	95.8	90.0
Business Development	77.8	95.0	101.2	105.4
Information Management	610.0	614.3	639.1	668.6
Environmental	131.8	122.9	132.6	121.9
Safety & Health	358.1	353.0	351.6	359.4
Facilities Management	420.8	403.2	405.9	412.8
Maintenance - Facilities	251.6	273.4	294.4	291.9
Maintenance - General	264.5	203.1	167.2	171.6
Utilities	301.1	318.9	322.5	328.9
Safeguards & Security	36.8	48.3	49.5	47.7
Safeguards & Security WFO Funded	31.6	38.2	37.1	40.3
Cyber Security	14.6	11.3	11.8	23.6
Logistical Support	110.5	101.9	108.7	106.4
Quality Assurance	66.1	60.7	54.4	54.7
Management Award / Incentive Fee	314.1	271.8	259.1	257.4
Taxes	182.3	149.1	133.1	134.5
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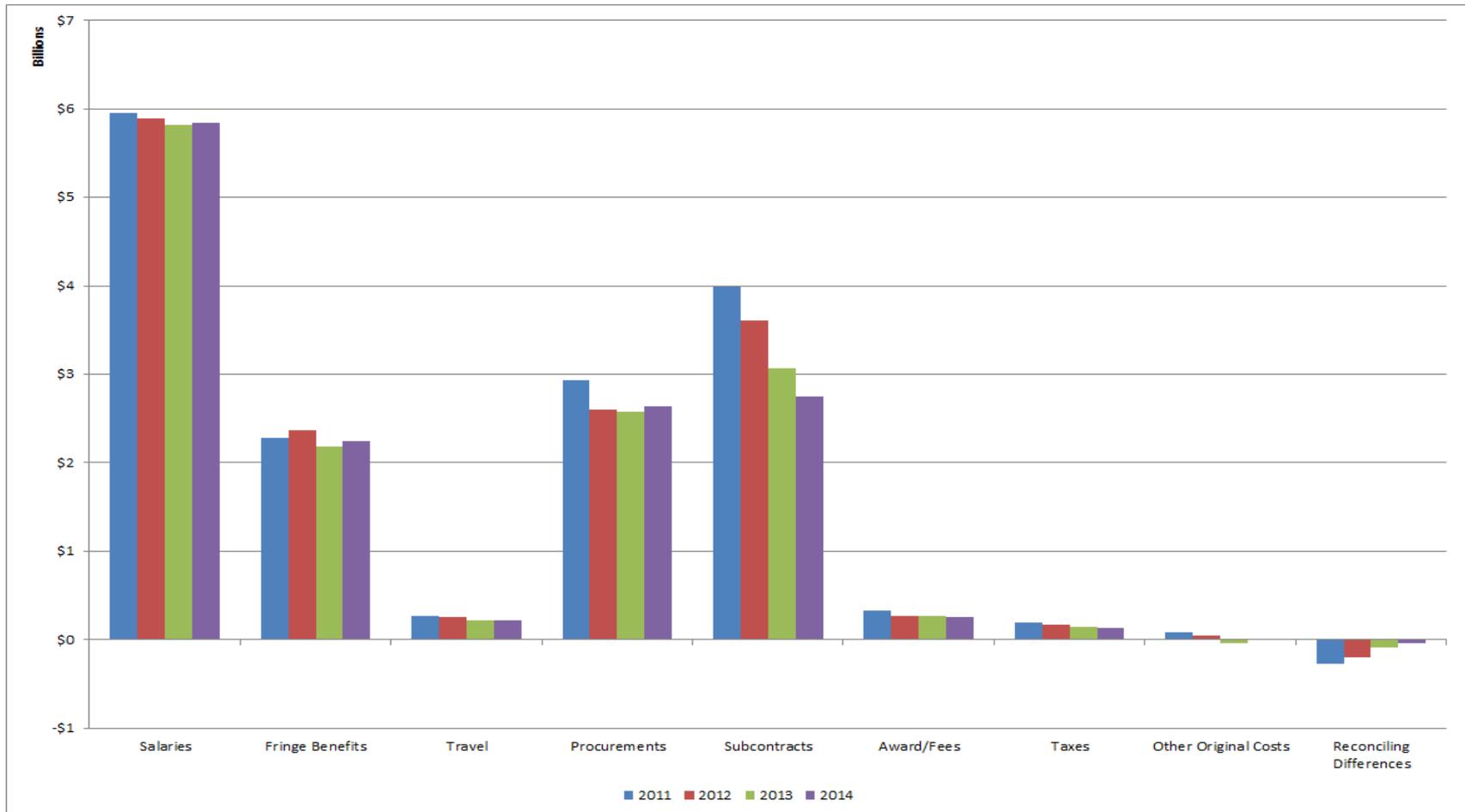
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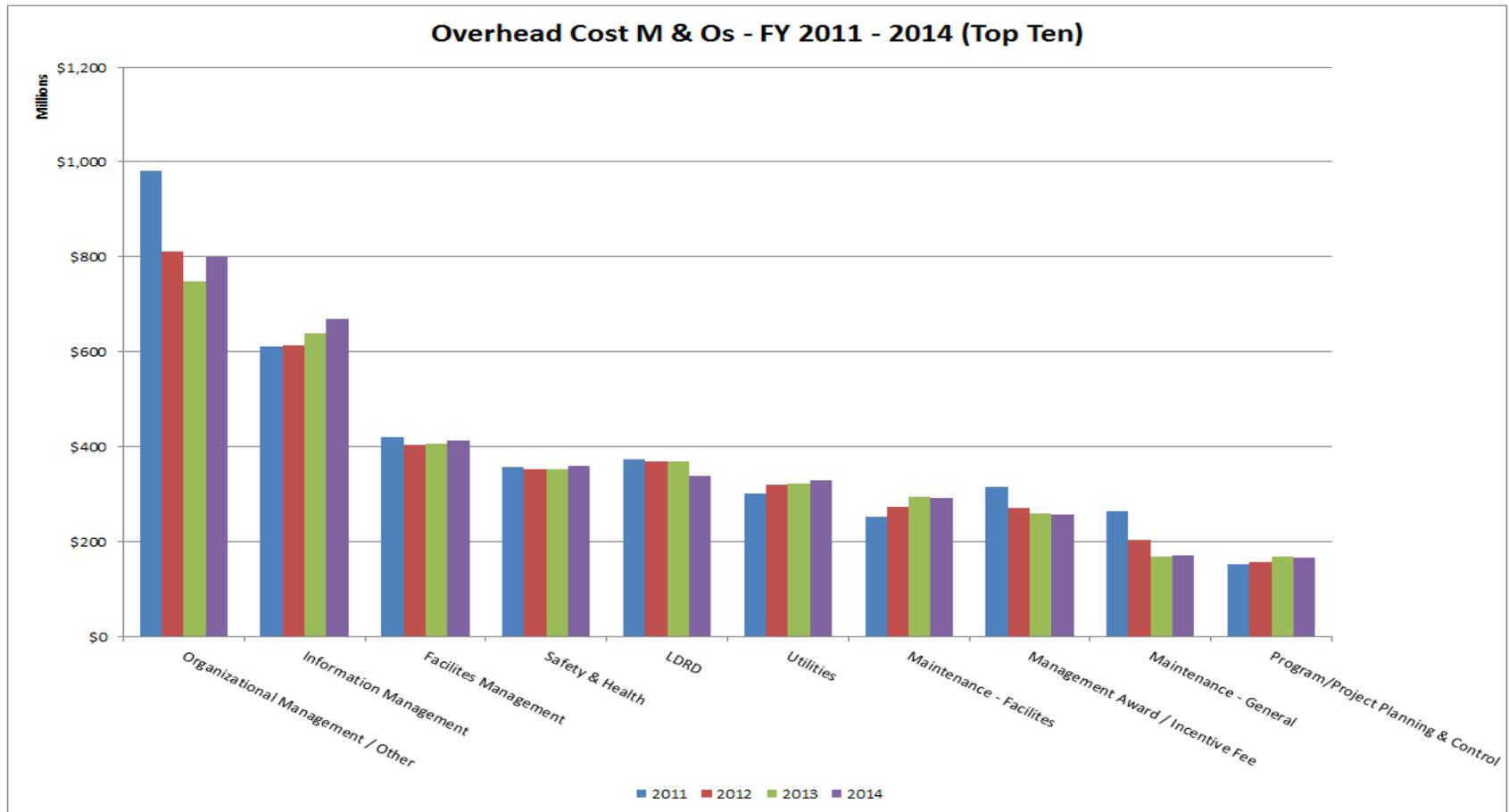
FY11-14 Total Original Cost by Category

- Original Cost includes all payments made by the contractors regardless of final or intermediate cost objective



FY11-14 Overhead Cost – Top Ten Categories by \$ Amount

- Overhead cost is defined as cost allocated through a cost pool



ICR Benefits and Limitations

Benefits

- Provides trends over time by contractor and cost category
- Provides insights for targeted special analyses – e.g. travel, pension benefit costs
- Provides feedback to the laboratories with data in common format for use in internal analyses

Limitations

- Difficult to compare costs across laboratories because of differences in contractor methodologies for pooling indirect costs
- ICR data are not audited
- ICR definitions and cost categories are DOE specific, and therefore, are not comparable to those of other external organizations



Appendix



Original Cost Category Definitions

Original cost category definitions:

- **Salaries** - compensation paid by employer for employee services, including: base salary, overtime, performance bonus, executive and incentive compensation. Cost for paid absences is part of base salary.
- **Fringe Benefits** – Amounts paid by an employer (net of employee contributions) to provide employees with benefits such as medical and dental insurance, retirement plans including savings plans, legally mandated employment -related payment (e.g., social security, unemployment, workers comp), disability plans and other costs normally included in a fringe pool. Fringe cost is to be broken into the following subcategories:
 - Defined Benefit Pension Plan - Employer cost associated with a retirement plan where the employer makes contributions to a general fund and employee benefits are guaranteed based on a formula using factors such as earnings history and tenure of service.
 - Defined Contribution Plan - Employer cost associated with retirement plan contributions paid into individual employee accounts. The funding is often in form of a specific percentage of employee contributions to the same account.
 - Active Medical - employer cost related to providing medical, dental, vision and similar benefits to its active employees.
 - Legally Mandated - Medicare, social security, unemployment, workers comp and like payments required by federal, state or local government to be paid by the employer, employer share only
 - Retiree Medical - Employer cost of plans similar to active medical but provided to retirees
 - Other Benefits - any other employer-paid benefits, including life insurance, disability, tuition reimbursement
- **Travel** - Travel costs include: airfare, lodging, meals, transportation / car rental, registration, and other travel-related costs on employee expense reports, excludes relocation costs.
- **Procurements** - Cost of purchasing goods or basic services. Break out cost by the following subcategories:
 - Electricity
 - Other Utilities, including water, sewer. Excludes telephone phone which is be reported in Other Procurements.
 - Facility Leases
 - Other Procurements, includes purchases and leases of equipment
- **Subcontracts** - Cost incurred under a contract placed primarily to furnish professional services.
- **Management / Award / Incentive Fee** - The base and/or incentive fee that is paid to a contractor and charged as cost to the contract. Such fees are often in whole or in part based on performance under the contract and include shared savings incentive payments tied to achieving cost reductions.
- **Taxes** - Includes state and municipal taxes, as well as "payments in lieu of taxes." Does NOT include taxes that are payroll related (e.g., included in the "Fringe" category).
- **Other** - Cost of operating an institution not identified in another Cost Element category.



Overhead Cost Category Definitions

Overhead cost category definitions:

- ***Executive Direction*** - Includes costs normally associated with the highest level executive management unless more appropriately associated with management in the other reporting categories. Examples include the Laboratory Director, President and other top level management and immediate staff (Secretary, Special Assistants), Science Advisors and Deputy Directors, Vice Presidents. This category also includes institutional level strategic planning and the cost of contractor performance assurance. All other management/supervisor activities, including related incidental costs, should be reported in the most appropriate cost category other than Executive Direction.
- ***Human Resources*** - Includes costs associated with recruiting, salary administration, equal employment opportunity and diversity programs, benefits administration, employee concerns programs, central training development (job specific training development curriculum should be included in the specific category to which it applies), industrial relations, personnel records, employee concerns programs/hotline, educational programs, providing for undergraduate and graduate course work and other personnel related services.
- ***Chief Financial Officer*** - Includes costs associated with activities of a financial nature, such as general accounting, payroll, travel accounting, funds control, Strategic Partnership Projects ("SPP" formerly know as WFO) administration, cost accounting, accounts payable, internal control programs (including A-123), financial systems management and non-project / program specific budget coordination and control, indirect rate planning/budgeting, and similar financial related activities.
- ***Internal Audit*** - Cost of the Internal Audit function, including production / execution of annual audit plan and tracking of correction actions until closed.
- ***Procurement / Acquisitions*** - Includes costs associated with contracting for goods and services, purchasing, P-Card program, electronic buying (B2B), contract administration, procurement program management and conducting compliance and cost/price analysis activities.
- ***Legal*** - Includes costs associated with legal counsel support and litigation support. Includes outside legal support and ethics functions. Legal settlements should be classified as Other.
- ***Central Administrative Support*** - Includes costs associated with food service, printing and graphic support, records management, mail service including postage, subcontracted delivery services, and all library-related activities.
- ***Program / Project Planning & Control*** - Includes cost associated with support and execution of program / project budgeting, funding requests, baseline control and preparation, master scheduling, project management system administration, and baseline pricing and validation efforts.
- ***Technology Transfer*** - Includes all cost associated with activities that encourage the further development of promising technologies, dissemination of information to appropriate researchers, organizations, industries, governmental bodies and other institutions; and other activities that assist in effecting the introduction of technologies in the marketplace.
- ***Outreach Activities*** - Cost associated with media communication, public relations, educational programs, employee outreach program, stakeholder-related outreach, activities contributing to the development of the local/regional economy, and other information or outreach activities such as HBCU (Historically Black Colleges and Universities) and other University-related activities, including stakeholder agencies and Congressional liaison activities.
- ***Business Development / Client Liaison*** - Cost of activities associated with familiarizing current or possible clients with capabilities offered and/or opportunities to fund work, assessment and planning for potential new business areas, client relationship management and liaison with clients.
- ***Information Management*** - Cost associated with office automation (desktop software, video conferencing, collaboration, email, access management), network services (groups of computers that communicate with each other, share peripherals and access remote hosts or other networks), telecommunications (communication by electronic submission of impulses over telephone/optic lines including cell phones and voice over internet protocol), application and data hosting (providing central computer facilities, data backup and restore, data processing, and network file and printer services), and general business information system technology not specific to a single system. This category includes systems analysts/programmers; however, specific systems management and administrative costs for various business and scientific systems should be included in their respective cost categories. (Note: Dedicated scientific activities, experiments, and analysis should be included in the appropriate category.)

Overhead Cost Category Definitions (continued)

Overhead cost category definitions (continued):

- ***Cyber Security*** – Cost charged to overhead for core Cyber related program activities, including: operation of unclassified networks, establishing and maintaining institutional level controls to prevent unauthorized access; purchasing and maintaining institution wide software for protection against malware, viruses and the like; and routine monitoring of network traffic to identify and isolate threats including cyber analytics. Additionally, based on the manner that the system or process is being charged, costs could include implementing corrective actions, activities conducted by line personnel, and operation of unclassified networks. Excludes overhead cost that is embedded in other functional categories such as organizational management.
- ***Environmental*** – Includes costs associated with the development, implementation and maintenance of Laboratory systems for the compliant management of radioactive and hazardous waste; safe packaging and transportation of hazardous materials (non-waste); effluent controls and monitoring and surveillance; permitting; auditing and evaluation to assure compliance and pollution prevention. These activities, performed on a routine basis, are necessary to maintain compliance with federal, state and local regulations, as well as applicable DOE Orders and directives. This category does not include third party treatment or disposal costs which are charged direct to a project; it also does not include cleanup activities.
- ***Safety & Health*** - Costs associated with safety and health programs, such as integrated safety management, emergency preparedness, fire protection, industrial hygiene, industrial safety, occupational medical services, nuclear safety, work smart programs, radiation protection, transportation safety (does not include traffic management functions - include this item in logistics) and related management oversight. These activities, performed on a routine basis, are necessary to maintain compliance with Federal, State, and local regulations, as well as applicable DOE Orders and directives.
- ***Facilities Management & Operations*** - includes costs associated with operating property, plant, and equipment, and providing facility related services. Examples of activities in this category are: facilities operations management, facilities alteration, engineering activities, facilities utilization analysis, modification and upgrade analysis, maintenance analysis, facilities planning, and condition determinations. Include the costs of janitorial services, pest control, recycling, refuse collection and disposal, roads and grounds management, snow renewal and other similar services incurred to use the facility. Include supervision, work planning and scheduling, calibration, care, repair and storage of equipment used in monitoring or the actual performance of maintenance work, and storage/staging of material and supplies required for operations. These costs are distinct from Facilities Maintenance, General Maintenance, and IGPP/IGPE which are reported in separate indirect cost categories.
- ***Maintenance - Facilities*** - includes costs to perform activities that sustain or continue existing functionality of real property. All phases of maintenance are included: preventive, predictive and corrective maintenance or repair. Repair is the restoration or replacement of a deteriorated item of PP&E, such that it may be utilized for its designated purpose. Include surveillance and maintenance as well as maintenance activities that reduce the backlog of deferred maintenance. Include supervision, planning and scheduling, and storage and staging of materials and supplies required for maintenance activities. These activities do **not** increase functionality or extend the service life. Overhead funded costs that increase functionality or extend the service life are reported in the IGPP / IGPE indirect cost category.
- ***Maintenance - General*** - includes costs to perform activities that sustain or continue existing functionality of all other property and equipment not included in Facilities Maintenance. Examples of functions included in this category are: maintenance of production and process equipment/machines; calibration, care, repair and storage of equipment used in monitoring or performance of maintenance work; planning and scheduling; and, storage and staging of materials and supplies required for maintenance activities. These activities do **not** increase functionality or extend the service life. Overhead funded costs that increase functionality or extend the service life are reported in the IGPP / IGPE indirect cost category.
- ***Utilities*** - Costs include utility-related engineering, operating utility (heat, electrical, water, etc.) plants and equipment, contract services for fuel, water treatment chemicals, or support needed to provide electric power, heat, steam, chilled water, potable water, process gases and sanitary waste disposal to support business and research. This element includes all costs associated with contract services in support of utilities, such as fuel, water treatment chemicals and control systems (also include energy management related activities).
- ***Safeguards & Security*** – Includes all overhead funded costs of a central program associated with the development and implementation of a Safeguards and Security Program to protect nuclear materials, nuclear weapons, classified information and government property from theft, sabotage, espionage, or other acts that may cause adverse impacts on national security or to the safety of the public and employees. Excludes requirements which are funded by the S&S direct program and overhead cost that is embedded in other functional categories such as organizational management. Also excludes the allocable share of direct funded site S&S expenses funded from the load applied to SPP and reported in the ***SPP Funded Safeguards and Security*** category. Cost *excludes* Cyber Security which is reported separately.



Overhead Cost Category Definitions (continued)

Overhead cost category definitions (continued):

- ***SPP Funded Safeguards and Security*** - Includes the allocable share of direct funded site S&S expenses recovered through loads applied to SPP orders. This does not include any marginal S&S costs incurred to support the projects of individual SPP customers - these are reported as a direct SPP cost. The presumption is that if a contractor has SPP work that this line will not be zero.
- ***Logistics Support*** - Costs associated with shipping, receiving, transportation (excluding maintenance which is included in the Maintenance category), warehousing, motor pools, office equipment pools, property management and excessing activities; routine inventory write-offs and other logistic support activities.
- ***Quality Assurance*** - Costs associated with all quality assurance, reliability and regulatory activities associated with nuclear, construction, research, management, and software functions. Included in this category are costs associated with PAAA/DRCP compliance, quality engineering and inspection services, quality assurance audits, occurrence reporting (such as the Occurrence Reporting and Processing System), development of quality program plans, operational readiness review coordination and other activities related to ensuring the quality assurance of site operations and facilities. This does not include costs incurred for weapons stockpile certification.
- ***Management / Award / Incentive Fee*** – The base and/or incentive fee that is paid to a contractor and charged as cost to the contract. Such fees are often in whole or in part based on performance under the contract and include shared savings incentive payments (tied to achieving cost reductions).
- ***Taxes*** - Includes state and municipal taxes, as well as "payments in lieu of taxes." Excludes taxes that are payroll related.
- ***LDRD*** - LDRD reflects costs incurred in accordance with DOE Order 413.2A for the purpose of pursuing new and innovative scientific concepts of benefit to the DOE. Excludes allocation of overhead other than organizational burdens. This would include PDRD and SDRD, reflecting costs incurred in accordance with the legislative authority for these activities.
- ***IGPP / IGPE*** - Institutional General Plant Projects (IGPP) are overhead funded minor construction projects of a general nature, the total estimated cost of which may not exceed the congressionally established minor construction authorization. – includes costs to perform improvements to property, plant and equipment that results in better quality, higher capacity, or an *extended service life*, or accommodate regulatory and other requirement changes. Examples of activities in this category are: the erection, installation or assembly of a new facility; the addition, expansion, improvement, or replacement of an existing facility; the relocation of a facility; a major structural revision of a facility that changes the functional purpose for which the facility was originally designed or used; and the reconstruction of a complete facility that has deteriorated or has been damaged beyond the point where its individual parts can be economically repaired. Include design, engineering, and management activities required to complete work. Institutional General Purpose Equipment (IGPE) is overhead funded capital equipment that is required for Laboratory- wide needs. IGPE is administrative in nature, i.e., not research equipment, of a general use or institutional nature that benefits multiple cost objectives. These costs are distinct from Facilities Maintenance, General Maintenance, and Facilities Management & Operations, which are reported in separate indirect cost categories. Do **not** include direct funded betterments which are reported with Direct costs.
- ***Organizational Management / Other*** – Report all other overhead cost which is *not* identified in another cost category. This includes general organizational management activities (e.g., organizational burden pools). The amount reported in this category washes out recycled overhead (e.g., overhead cost allocated to another overhead pool). Generally, the amount reported in this category will be determined by total overhead cost (based on all allocations to final cost objectives that are from an overhead cost pool) less the amounts reported in all other cost categories. The resultant amount should be evaluated for reasonableness by comparing the calculated amount to organizational burden allocated to final cost objectives plus other miscellaneous overhead cost minus recycled overhead (overhead allocated to other overhead pools).

