



DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

SEP 23 2015

MEMORANDUM FOR CHAIRMAN, DEFENSE BUSINESS BOARD

SUBJECT: Terms of Reference – Future Models for Federally Funded Research and Development Center Contract

The Department of Defense (DoD) has contracts with the Federally Funded Research and Development Centers (FFRDCs) that were established to address complex national challenges by providing unique long-term core competencies in the areas of analysis, engineering, acquisition support, and research & development, that otherwise did not exist in the commercial-private sector. These organizations, through and under the terms of specific government contracts, provide independent advice, research and development and other similar work product developed by their highly specialized workforce. The 10 DoD FFRDC contracts are managed by the Under Secretary of Defense (Acquisition, Technology, and Logistics) under the Federally Funded Research and Development Center (FFRDC) Management Plan and Associated "How-to Guides" dated May 2, 2011.

The factors that drove the creation of FFRDC contracts have changed over time. Today, the private sector has well established core competencies in the areas of analysis, engineering, acquisition support, and research and development. Additionally, the DoD faces an enhanced pace of threat development, the solution to which may require expertise beyond the traditional Defense Industrial Base and the FFRDCs. Although funding trends for Independent Research and Development (IR&D) remain consistent in recent years, the Defense Industrial Base has dramatically reduced self-funded R&D investments over the past two decades. These challenges require a fresh look into what role the DoD FFRDC contracts should play as an innovation resource.

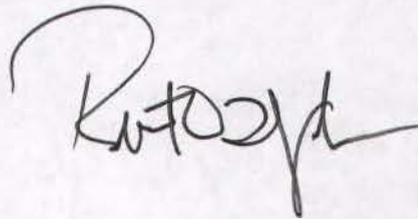
To help the Department maximize its resource utilization, I am establishing a Task Group under the Defense Business Board (DBB) to recommend an appropriate future model and focus for DoD sponsored FFRDC contracts. Specifically, the DBB should:

- Review the existing governance models for DoD sponsored FFRDC contracts and other non-DoD government agency sponsored FFRDCs. Compare the management of current research and development activities of the DoD sponsored FFRDC contract to those of other private sector companies or other governmental organizations (both foreign and domestic).
- Identify areas that are currently being accomplished under the DoD FFRDC contracts, whether this should continue, and what barriers need to be overcome.
- Review such other matters as the DBB determines relevant.



The DBB will provide its findings and recommendations to the Secretary of Defense or the Deputy Secretary of Defense no later than April 21, 2016.

As a subcommittee of the DBB, and pursuant to the Federal Advisory Committee Act of 1972, as amended, the Government in the Sunshine Act of 1976, as amended and other applicable federal statutes and regulations, this Task Group shall not work independently of the DBB's charter and shall report its recommendations to the full DBB for public deliberation and approval. The Task Group does not have the authority to make decisions on behalf of the DBB, nor can it report directly to any federal representative. The members of the Task Group and the DBB are subject to 18 U.S.C. 208, which governs conflicts of interest.

A handwritten signature in black ink, appearing to read "Rutledge". The signature is written in a cursive style with a large initial "R" and a long horizontal stroke at the end.