



FEDERAL RESEARCH

Information on DOE's Laboratory-Directed R&D Program

Highlights of [GAO-04-489](#), a report to the Subcommittee on Energy and Water Development, Committee on Appropriations, House of Representatives

Why GAO Did This Study

The Department of Energy's (DOE) contractor-operated laboratories perform mission-related research and development (R&D) for DOE and other federal agencies. In 1992, DOE established the Laboratory-Directed Research and Development (LDRD) program, under which laboratory directors may allocate funding to scientists to conduct worthy independent research. DOE allows participating laboratories to support their LDRD programs by including a charge of up to 6 percent of the total project cost in the indirect costs for R&D performed for DOE and other federal agencies.

GAO was asked to address 11 specific questions on DOE's LDRD program regarding:

- DOE's statutory authority for charging other federal agencies for LDRD,
- DOE's policies and procedures for ensuring departmental compliance with statutory requirements and committee report direction,
- the extent to which DOE believes the LDRD program is a necessary tool for recruiting and retaining laboratory scientists, and
- the sources and amounts of LDRD funding that each laboratory received from fiscal year 1998 through fiscal year 2003.

In commenting on the draft report, DOE agreed with its factual accuracy.

www.gao.gov/cgi-bin/getrpt?GAO-04-489

To view the full product, including the scope and methodology, click on the link above. For more information, contact Anu K. Mittal at (202) 512-3841 or mittala@gao.gov.

What GAO Found

- By law, when DOE conducts R&D for other federal agencies and uses a laboratory contractor to carry out the tasks, DOE must recover from the other agency all costs, including LDRD, DOE owes its contractor in performing the work.
- DOE has issued a departmental order and clarifying memoranda and guidance to ensure LDRD program compliance with statutory requirements and congressional direction. For example, the Secretary of Energy's April 2002 guidance requires that agencies funding work at its laboratories be notified about the LDRD program, including the laboratory's indirect-cost rate and an estimate of the associated cost. According to senior budget, legal, and research program officials at six federal agencies that fund work at the DOE laboratories, inclusion of funding for the LDRD program as an indirect cost does not limit their agency's ability to comply with statutory or appropriations requirements.
- Managers at the four DOE laboratories that primarily conduct nuclear weapons and environmental management R&D told us that LDRD is vital for recruiting and retaining top scientists, while managers at the five Office of Science laboratories said that LDRD plays an important, but less vital, role in recruiting and retaining top scientists.
- From fiscal year 1998 through fiscal year 2003, DOE's contractor-operated laboratories spent a total of \$1.8 billion, or an average of \$296 million per year, on LDRD. DOE accounted for 84 percent and the Department of Defense and the intelligence agencies, through their payments to DOE, accounted for 12 percent of the federal support for the LDRD program in fiscal year 2003.

Federal Funding Support for LDRD, Fiscal Year 2003

Dollars in millions

Laboratory	LDRD funding	Total operating funds	Percentage LDRD
Argonne	\$21.0	\$481.1	4.4
Brookhaven	7.6	413.1	1.8
Idaho	19.8	701.0	2.8
Lawrence Berkeley	9.8	403.3	2.4
Lawrence Livermore	64.3	1,071.6	6.0
Los Alamos	94.8	1,771.0	5.4
Oak Ridge	15.4	667.5	2.3
Pacific Northwest	17.2	450.6	3.8
Sandia	97.4	1,696.7	5.7
Total	\$347.3	\$7,655.9	4.5

Source: DOE laboratories.