

*Cancelled Apr 66*

REPRINT w/changes  
thru June 30, 1964

RCC2.950210.009

November 19, 1962#

NUMBER 3210.2



*Ch 2 (Reprint)*

DDR&E

## Department of Defense Directive

**SUBJECT** Policy on Research Grants and Title to Equipment  
Purchased Under Grants

- References:
- (a) P.L. 85-934, "An Act to Authorize the Expenditure of Funds Through Grants for Support of Scientific Research and for Other Purposes," Approved September 6, 1958
  - (b) P.L. 87-577, "Department of Defense Appropriation Act, 1963," Section 540
  - \* (c) DoD Instruction 5100.38, "Defense Documentation Center for Scientific and Technical Information (DDC)," March 19, 1963 \*
  - \* (d) DoD Instruction 4105.54, "Miscellaneous Procurement Reports," June 20, 1961 \*
  - (e) ✓ DoD Directive 3210.2, subject as above, August 25, 1959 (hereby cancelled)

### I. AUTHORITY AND PURPOSE

Pursuant to reference (a), this directive

- A. Establishes uniform DoD policy for (1) making grants to institutions of higher education and to nonprofit organizations for the support of scientific research and (2) vesting in such institutions or organizations the title to equipment purchased with grant funds;
- B. Delegates authority for carrying out the responsibilities of the Secretary of Defense under reference (a).

### II. CANCELLATION

Reference (e) is hereby superseded and cancelled.

#First amendment (Ch 2, 6/30/64)

III.

### DEFINITIONS

All used herein,

- A. Grant means an award of funds included in a written agreement executed by a grantor agency of the Department of Defense through its contracting activities under the authority of reference (a).
- B. Grantor agency means a Military Department or other agency within the Department of Defense that is authorized, pursuant to Section VII below, to make grants in support of basic research.
- C. Basic research means the type of research that is directed toward the increase of knowledge in science. It is research wherein the primary aim of the investigator is to gain a fuller knowledge or understanding of the subject under study.
- D. Educational or other nonprofit organization means any corporation, foundation, trust, or institution operated for educational or primarily, scientific purposes, not organized for profit, no part of whose net earnings inures to the profit of any private shareholder or individual.

IV.

### BACKGROUND AND OBJECTIVES

- A. As stated in reference (b), the Department of Defense is responsible for assuring that basic research necessary to the discharge of its statutory responsibilities is given adequate support.
- B. In the past, when the services of an educational or other nonprofit organization were desired, the Department of Defense was limited to the use of a research contract. P.L. 85-934 (reference (a)) authorizes grants to these organizations for the purpose of supporting basic research and also gives to the Department of Defense discretionary authority to vest title to equipment purchased with grant funds in the institution or organization conducting the research.
- C. Flexibility in carrying out the responsibility of the Department of Defense under reference (b) will be increased through the use of the authority given in P.L. 85-934.

V. POLICY

- A. It is the policy of the Department of Defense to encourage the use of grants (in lieu of contracts) to educational or other nonprofit organizations in support of basic research when it is determined that this action would further the objectives of the Department of Defense.
1. Determination in favor of a grant in lieu of a contract shall be made only after full consideration is given to the nature of the proposed research, as well as the magnitude and extent of the support. In general, grants shall not be made for an initial period of more than five years. This determination may depend on, but is not restricted to, the following factors:
    - a. Support of a broad area of science. It may be desirable for the grantee to carry out investigations in a general area of science rather than to be restricted to the solution of specific problems.
    - b. Payment. It may be desirable that the grantee have the greater flexibility provided by the grant form of payment than the contract form offers.
    - c. Simplicity and economy in execution and administration. It may be desirable to minimize detailed supervision by the supporting agency, as well as the need for periodic progress reports by the investigator. The factor of economy resulting from the elimination of accounting and auditing procedures applicable to research contracts should also be a consideration.
    - d. Cost sharing. It may be desirable that the Department of Defense support specific portions of the direct costs of a definite program of basic research to which other agencies authorized to make grants and nongovernmental groups are also contributing.
  2. Title to all or any part of the equipment purchased with basic research grant funds may be vested in the organization or institution that has conducted or will conduct the research. This vesting of title may be effected in the grant agreement and may be inclusive or specific. Prior to the vesting of title, it must be determined that such action furthers the objectives of the Department of Defense. This determination may be based on, but is not restricted to, factors such as these:

- a. The retention of title in the Department of Defense creates an administrative burden not warranted by the value of the equipment.
  - b. The administration and keeping of records by the educational or other nonprofit organization becomes prohibitively complicated or expensive.
  - c. The expense involved in redistributing or relocating particular equipment exceeds the value of the equipment.
- B. Research-, development-, test-, and evaluation-type appropriations of the Department of Defense shall be available for making grants in accordance with the policy set forth in Section A.
- C. The services of the Armed Services Technical Information Agency will be available to Department of Defense grantee institutions in the same manner that these services are provided to Department of Defense contractors and according to the same procedures.

VI. GRANT AGREEMENTS

The grant agreement shall be brief in format, containing only those provisions necessary to protect the fundamental interest of the Government, including matters such as reserving to the Government an irrevocable, royalty-free, nonexclusive license for patentable inventions arising out of the research and providing for the revocation of the grant if necessary after agreement between the grantee institution and the grantor. (A sample grant agreement is included in reference (c).)

VII. ADMINISTRATION OF GRANTS

- A. A grant will be considered as generally falling outside the scope of procurement regulations. However, in fixing the total amount of a grant before it is awarded, the applicable cost principles of parts 2 or 3, as appropriate, of section XV of the Armed Services Procurement Regulation will be used as a guide. Appendix C of the Regulation will also provide guidance in the handling of property supplies in connection with a grant to which the Government retains title.
- B. In no case shall an indirect cost rate used for determining grant amounts exceed in equivalence the indirect cost rate that has been most recently determined under applicable procedures at the grantee institution for comparable research contracts of the Department of Defense.

- C. Except in the case of revocation, grant amounts as determined at the time of the award will not be adjusted.
- D. In addition, grantor agencies will use reference (c) as a guide in the detailed administration of grants pursuant to the policies set forth in this directive.

VIII. DELEGATION

The authority vested in the Secretary of Defense pursuant to Sections 1 and 2 of reference (a) is hereby delegated to the Secretaries of the Army, the Navy, and the Air Force, the Director of Defense Research and Engineering, and the Director of the Advanced Research Projects Agency (ARPA) for grants of \$1,000,000 or less. Grants in excess of this amount will require approval of the Secretary of Defense. This authority may be redelegated to research activities whose responsibilities include the support of basic research at educational or other nonprofit institutions for grants of \$500,000 or less. Grants exceeding \$500,000, but of \$1,000,000 or less will require approval of the Secretary of the Department concerned or the Director of Defense Research and Engineering or the Director of ARPA, as the case may be.

IX. REPORTING

Reporting pursuant to Section 3 of reference (a) will be accomplished in accordance with a Department of Defense instruction issued by the Assistant Secretary of Defense (Comptroller).

X. IMPLEMENTATION

Within 90 days after the effective date of this directive, the Director of Defense Research and Engineering will be provided two copies of the implementing regulations promulgated by the Military Departments in execution of this policy.

XI. EFFECTIVE DATE

This directive is effective immediately.

*Thomas Spalis*

Deputy Secretary of Defense