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# Research Grants and Title to Equipment Purchased Under Grants

[§ 7540]

(32 CFR PART 273, 31 F. R. 8007, originally issued as DoD  
Directive 3210.2 and amended April 26, 1966)

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## [§ 7541]

## § 273.1 Purpose. This part—

(a) Establishes uniform Department of Defense policy for (1) making grants for the support of scientific research and (2) vesting title under grants to equipment purchased with research funds.

(b) Delegates authority of the Secretary of Defense under 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.

## [§ 7542]

§ 273.2 Applicability and scope. The provisions of this part apply to all DoD Components delegated authority under § 273.5 to enter into grant agreements, or assigned administrative responsibilities for awarding scientific research grants to educational institutions and other nonprofit organizations.

## [§ 7543]

§ 273.3 Definitions. As used herein, the following definitions apply:

(a) *Grant*. An award of funds or equipment included in a written agreement executed by a grantor agency of the Department of Defense through its contracting activities under the authority of P. L. 85-934.

(b) *Grantor agency*. DoD Component authorized hereby to make grants in support of research.

(c) *Research*. All effort directed toward increased knowledge of natural phenomena and environment and efforts directed toward the solution of problems in the physical, behavioral, engineering, environmental, social, and biomedical sciences.

(d) *Educational institution of other nonprofit organization*. Any corporation, foundation, trust or institution operated for purposes of higher education or whose primary

purpose is the conduct of scientific research, not organized for profit, no part of whose net earnings inures to the profit of any private shareholder or individual.

## [§ 7544]

§ 273.4 Policy. The awarding of research grants and vesting of title to equipment purchased with research funds in the grantee organizations increases Department of Defense flexibility in arranging for the conduct of pertinent research, and generally serves the objectives of both the grantee and the DoD; this policy shall be applied as follows:

(a) A grant will be used, instead of a contract, for the support of research when authorized by P. L. 85-934 and determined best to further DoD objectives. Grants shall generally not be made for more than 5 years.

(1) In making the determination, consideration shall be given to the nature and scope of the research, and such factors as the relative simplicity in execution, ease in administration, and latitude in payment arrangements permitted by the grant.

(2) Prior to awarding a grant, the responsible DoD Component will determine that the grantee institution has furnished a letter of assurance that it is complying with the provisions of P. L. 88-352 "The Civil Rights Act of 1964," as outlined in DoD Directive 500.11, "Nondiscrimination in Federally Assisted Programs," December 28, 1964 (Part 300 of this chapter) (29 F. R. 19291).

(3) Compliance must be assured with limitations such as those contained in P. L. 89-213, "Department of Defense Appropriation Act, 1966," section 638, which specified that "none of the funds provided herein shall be used to pay any recipient of a grant for the conduct of a research project an amount equal to as much as the entire cost

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of such project," and any similar later enactments.

(4) The award of foreign grants will follow Department of Defense policies for procurements of scientific and technical knowledge resulting in expenditures outside the United States. See section VI, part 8, of the Armed Services Procurement Regulation now set forth in Defense Procurement Circular 29 dated June 4, 1965.

(b) Pursuant to BoB Circular A-74, "Participation in the Costs of Research Supported by Federal Grants," December 13, 1965, grantees with funds from a non-Federal source must share in the cost of a research project on more than a token basis. Participation in the costs of research by such institutions or organizations reflects mutuality of interest. Grantor agencies should generally continue their present policies and practices concerning the extent of cost participation by grantee institutions:

(1) Except for increased indirect cost allowances which may be paid as a result of the removal of statutory limitations on payment of such allowances;

(2) Except that in cases where grantor agencies would otherwise pay all research costs, the applicant institution must share in such research costs on more than a token basis.

The amount of cost participation shall be determined on an individual grant basis, and no fixed amount or rate shall be established for general application. However, it is suggested that in most cases cost participation should principally be part, or all, of the salaries of permanent staff members participating in the research.

(c) Title to all or any part of the equipment purchased with research grant funds may be vested in the grantee organization which conducted or will conduct the research. Prior to vesting title, pursuant to P. L. 85-934, a determination must be made that such action furthers the objectives of the DoD. In making this determination, such factors as the following shall be considered:

(1) The retention of title in the DoD creates an administrative burden not warranted by the value of the equipment.

(2) The administration and keeping of records by the grantee organization becomes prohibitively complicated or expensive.

(3) The expense involved in redistributing or relocating particular equipment exceeds the value of the equipment.

#### § 7545

(d) The services of the Defense Documentation Center, Defense Supply Agency, will be provided to DoD grantee organizations in the same manner as to DoD Contractors.

#### § 7545

§ 273.5 Responsibility and authority. (a) The Director, Defense Research and Engineering, will administer the provisions of this part.

(b) Grants in excess of \$1 million will be approved only by the Secretary or Deputy Secretary of Defense.

(c) The authority vested in the Secretary of Defense by sections 1 and 2 of P. L. 85-934 is hereby delegated to the Director of Defense Research and Engineering and the Secretaries of the Military Departments for grants of \$1 million or less. This authority may be redelegated to DoD research activities whose responsibilities include the support of research at educational institutions and other nonprofit organizations, as defined in § 273.3(d), for grants of \$500,000 or less.

#### § 7546

§ 273.6 Grant agreements. Grant agreements shall be brief, containing only those provisions required by statutes, or for the protection of the fundamental interests of the Government. Provision shall be made for:

(a) Grantee's cost participation, pursuant to P. L. 89-213;

(b) Maintenance of adequate records to document the actual amount of cost participation, and for a determination that grant funds were properly expended;

(c) Patent and data rights, pursuant to section IX of the Armed Services Procurement Regulation (Part 9 of this chapter); and

(d) Revocation of the grant; and

(e) The use of GSA supply sources if appropriate. This will be accomplished by a letter of authorization provided to the grantee by the grantor with a copy to the GSA. The letter of authorization must reference this Directive in order to identify the authorization as being related to a research grant. [Change 1, 1/26/70].

#### § 7547

§ 273.7 Administration of grants. (a) Requests for grants must include:

(1) The amounts requested for (i) direct expenses, by category, and (ii) indirect expenses related thereto;

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(2) The total grant request; and

(3) The amount, by category, which the institution proposes as its cost sharing contribution, from non-Federal sources, to the planned research.

(b) Applicable cost principles of parts 2 or 3 of section XV of the Armed Services Procurement Regulation (§§ 15.201-15.205-47 or §§ 15.301-15.307-3 of this chapter) will be used in establishing the grant amount. Costs which are not allowable under those parts may not be included in the grantee's cost contribution. Appendices B. and C. to the Armed Services Procurement Regulation (§§ 30.2 and 30.3 of this chapter) provide guidance in the handling of property to which the Federal Government retains title.

(c) Grantor agencies awarding grants will require grantees to maintain sufficient rec-

ords to demonstrate that their actual contributions are not less, proportionately, than those originally negotiated. A grantee's cost contribution will be subject to a DoD audit.

(d) The Defense Contract Audit Agency (DCAA) will assist in the auditing of grants, including cost contribution audits, upon request of the responsible grantor agencies.

[§ 7548]

§ 273.8 Reporting. The annual reports to the Congress and to the Bureau of the Budget, pursuant to section 3 and paragraph 6 of P. L. 85-934 and BoB Circular A-74, respectively, will be prepared in accordance with procedures issued by the Assistant Secretary of Defense (Installations and Logistics).

## Petroleum Products Imports

[§ 7555]

(DoD Directive 4220.5, July 17, 1963.)

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*Subject: Administration of Presidential Proclamation 3279, dated March 10, 1959, as amended, Petroleum Product Imports.*

#### References:

(a) Presidential Proclamation 3279, "Adjusting Imports of Petroleum and Petroleum Products into the United States," dated March 10, 1959 (24 Fed. Reg. 1781), as amended by Proclamations 3290, dated April 30, 1959; 3328, dated December 10, 1959; 3386, dated December 24, 1960; 3389, dated January 17, 1961; 3509, dated November 30, 1962; 3531, dated April 19, 1963; and 3541, dated June 10, 1963.

(b) DoD Directive 4220.5, "Administration of Presidential Proclamation 3279, dated March 10, 1959, Petroleum Product Imports," dated April 9, 1959, (cancelled herein).

[§ 7556]

I. Purpose.—This Directive sets forth uniform policy and procedures for imple-

menting reference (a) within the Department of Defense.

[§ 7557]

II. Background.—In promulgating reference (a) the President, acting upon the advice of the Director, Office of Civil and Defense Mobilization,<sup>1</sup> given on February 27, 1959, determined pursuant to Section 2 of the Act of July 1, 1954, as amended (72 Stat. 678, 19 USC 1352a), (1) that adjustments must be made in the imports of crude oil, unfinished oils and finished products so that imports will not threaten to impair the national security and (2) that no department, establishment, or agency of the United States shall import finished products in excess of the respective allocations made to them by the Secretary of the Interior. Separate allocations will be made for residual fuel oils to be used as fuel and for other finished products in Districts 1-IV, District V and Puerto Rico. Pursuant to

<sup>1</sup> Now Office of Emergency Planning.

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