

30 July 2019

From: Capstone Marketplace at the System Engineering Research Center (SERC)

To: Capstone Marketplace Collaborators and Participants

Subject: Additional Information on Disallowance of Specific Costs for Capstone Contracts

Dear Sirs:

SERC's "Capstone Marketplace" is an effort sponsored and funded by the Department of Defense, and has its primary objective to enhance undergraduate student experiences in system engineering. To streamline the Capstone process, SERC has selected "Firm Fixed Price" as its preferred form for subcontracts to universities who have been selected for Capstone Projects.

Capstone contracts are not federal research "grants". SERC's Fixed Price format allows the Capstone Marketplace to establish specific milestones, deliverables, and payment structures with university teams, which parallel common industry practice in research and development activities. SERC regards Capstone teams' experiences in managing schedules, costs, as well as technical performance an important aspect of the Capstone experience.

SERC contracts must follow applicable requirements of the Federal Acquisition Regulations. SERC's restrictions on the use of SERC Capstone Funds are specified in the Capstone Marketplace document, "Proposal Preparation Instructions" which is available on [www.capstonemarketplace.org](http://www.capstonemarketplace.org)

SERC Capstone contracts have a value usually \$5,000 or less; the benefits of the funds are directed at student engineering teams. SERC does not generally allow charges for direct labor, or consultant charges as "Other Direct Costs".

SERC expects that its resources will be applied to student needs, with minimum institutional overhead charges, and that universities will contribute substantial faculty and support labor, facilities, equipment, and materials to make SERC sponsored Capstone Projects a success.

Universities' collaborative contributions to SERC's technical and management objectives remain key factors in the selection of schools for Capstone awards. We ask that universities make every effort to eliminate or reduce institutional overhead charges on Capstone proposals submitted.