

NIST MEP Oversight Board Standards

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OVERVIEW

The Hollings Manufacturing Extension Partnership (MEP) Program, administered by the National Institute of Standards and Technology (NIST), is a public-private partnership with Centers in all 50 states and Puerto Rico dedicated to serving small and medium-sized manufacturers (SMM).

NIST MEP's authorizing statute, codified in 15 USC 278(k), specifies the activities and operation of the program. The statute requires a NIST MEP Center (Center) to establish Oversight Boards (board) to oversee the operations as a condition of receiving a federal financial assistance award. The statute provides that the NIST Director establish appropriate standards to address:

1. Membership
2. Composition
3. Term limits
4. Conflicts of interest
5. Such additional requirements as the NIST MEP Director considers necessary

This Oversight Board Standards document serves to supplement and be read in conjunction with the Oversight Board requirements contained in 15 USC 278k(k) and the NIST MEP General Terms and Conditions. Additionally, if a Center's board does not satisfy the requirements at any time during the cooperative agreement projected period, the Center must promptly disclose the deficiencies to the assigned Center Resource Management Team (CRMT), which include the MEP Federal Program Officer (FPO) and Resource Manager (RM), and NIST Grants Management Specialist (GMS). Upon notification, the Center will receive a specific award condition (SAC) on the cooperative agreement, including corrective action instruction, required supporting documents, and response timeframe.

ORGANIZATIONAL AND BOARD-SPECIFIC STRUCTURE

The statute requires that the NIST Director shall consider the type and organizational structure of an eligible entity. Accordingly, NIST MEP has established varying standards depending on the Center's organizational classification and characteristics.

NIST MEP recognizes that all boards must be compliant with state, local, and tribal governments and laws that may preclude a board from complying with these standards. In such cases, the Center must promptly notify the CRMT in writing, providing the reason for the deviation and the specific legal citation.

The following Center organization classification specific recommendations apply:

Non-Profit Organization

NIST expects Centers with non-profit organizational classification have a fiduciary board if the cumulative MEP Program is the Center's primary activity. The Board of Directors has responsibility for the organization and the Center leadership team reports to the fiduciary board. For a Center where the MEP Program is not the cumulative primary activity, an advisory board is acceptable. An advisory board must provide regular strategic, policy, and programmatic input related to the needs of manufacturers and the regional community.

Institute of Higher Education

For institutions of higher education (IHE), the fiduciary board exists at the highest level of the institution and typically has responsibility for all the institution's program and activities. These boards are generally known as a Board of Trustees, Board of Regents, or have similar titles.

NIST expects that the Center has an advisory board that works with the Center leadership staff to guide and provide advice to the Center. This Board of Advisors will work with the Center leadership to accomplish the goals of the Program and will generally report to the Center Director's supervisor.

State, Local Government, and Indian Tribe

For state, local government, and Indian tribes, the fiduciary aspects of a board are carried out at the agency's executive level, with review and approval by the Office of the Controller or Controlling Board as prescribed by the entity's authorizing legislation and practices.

NIST expects that the board will report to the agency head, rather than the Center Director. In limited cases, the board may report to the Center Director if the Center submits sufficient justification for why the reporting structure is necessary and beneficial.

MEMBERSHIP

Board Chair

NIST MEP requires each board to have a Board Chair. The Board Chair plays a pivotal role as the liaison between NIST MEP and the board and is a conduit for both communication and sharing MEP National Network best practices with other members. The role must be identified in the NIST MEP's Enterprise Information System (MEIS).

Regional Stakeholder

The statute requires that a member be "representative of stakeholders in the region in which the Center is located." According to NIST MEP, the stakeholders in the region mean broadly those manufacturing individuals, businesses, and organizations with a vested interest in Center activities in its service region. Additionally, members must be selected from among those persons whose business, organization, or primary residence is in the service region.

Small and Medium-Sized Manufacturers

The statute requires that the majority members of the board represent individuals who own or are employed by small or medium-sized manufacturers (SMM). According to NIST MEP, SMM includes those manufacturers that would be qualified for survey using NIST MEP's current definition of manufacturers within the service region and whose facility has less than 500 employees at the time the member is selected. Ownership or employment means current ownership or employment within the last six months. A member may serve out the remainder of the term as if they were the owner or still employed by an SMM. If after six months, the member does not have ownership nor is employed at an SMM, NIST MEP would consider the

member representatives of non-manufacturing stakeholders. Please note, non-voting ex-officio members are not considered a part of the calculation for determining majority representation.

Concurrent Membership

The statute states no member shall serve concurrently on more than one Center board.

Diversity, Equity, and Inclusion

NIST MEP strongly encourages member diversity, equity, and inclusion to broaden the perspective of the Center into future needs and trends.

COMPOSITION

Effective boards typically range from 9-12 members. Boards may also have a committee structure, which includes an executive committee to manage issues between board meetings. The strategy and purpose of the Center should drive the board and the Center should have a board size and committee structure that allows participation in helping the Center achieve its mission and vision.

NIST MEP has observed that it is often useful to have individuals who can assist the Center Director with strategy, outreach, and general business insight. Accordingly, when looking for members, as directed in the Statute under Membership 3(A)ii, many Centers consider representatives from industries such as economic development organizations, trade, and manufacturing associations, workforce development, etc., who may help provide critical insights into the manufacturing ecosystem within the service region.

NIST MEP strongly discourages having any Center staff as board members. Allowing for internal candidacy, as described in the bylaws, then a member should be limited to 1) the NIST-approved Center Director and 2) serve as non-voting, ex-officio capacity.

NIST MEP staff are available to support the board by attending as a guest; however, may not serve as ex-officio members.

TERM LIMITS

The statute requires each board to establish terms limits for all members. The term limits must be explicitly defined in the bylaws. When considering member term limits, a Center should ensure there is sufficient length to allow a member to learn about the Center and make valuable contributions. Term limits allow the board to refresh membership to suit changing organizational needs. NIST MEP encourages boards to establish a Nominating Committee with an intentional approach to identifying and adding new members.

NIST MEP recommends terms limits with a three-year minimum and a consecutive six-year maximum. Typical practices include members serving two terms in a row before taking some time away from the board. This has been an effective practice to maintain a solid core base of knowledgeable board members functioning well together over time while adding new members.

In some instances, board members can remain effective beyond six consecutive years, if the member continues to add value, expertise, and insight. Such extensions are expected to be rare and the Center, Board, and CRMT should discuss the unique circumstances that require the extended term.

CONFLICT OF INTEREST

The statute requires each board to establish a conflict of interest policy. Conflicts of interest is an actual or perceived interest that might affect or might reasonably appear to affect a member's professional judgment or conduct. The Center's conflict of interest policy must, at a minimum, include disclosure of relationships and recusal guidelines. Please note, a relationship may be defined as personal, business, or volunteer affiliations. The board should conduct periodic conflict of interest policy reviews and have members sign an annual statement. NIST MEP uses the Internal Revenue Service (IRS) guidance (included under *References*) as a benchmark on conflict of interest management.

If an individual representing an organization receives NIST MEP federal or non-federal award funds either from the Center or Center subrecipient, then such individual is not eligible for membership. If the board feels strongly that an individual's inclusion is unique, justified, and necessary, then they may be considered for ex-officio membership only.

BYLAWS

The statute requires each board to adopt bylaws that govern board operation and must be submitted to the NIST Director. Bylaws typically cover a wide range of topics including, but not limited to:

- Election, appointment, and term limits
- Roles and responsibilities
- Meeting procedures and guidelines
- Conflict of interest procedure
- Quorum and voting provisions
- Code of conduct
- Compensation and indemnification
- Bylaw modification/change procedure

The bylaws must comply with the requirements included in the MEP General Terms and Conditions and Oversight Board Standards document. Any changes or modifications must be submitted for review via MEIS and accepted by the NIST MEP. Please note, the Center has an affirmative obligation to promptly inform and provide any bylaw amendments or changes to NIST.

GENERAL PRINCIPLES AND BEST PRACTICES

Meeting Frequency and Format

NIST MEP expects that the board will meet at least three times a year. The bylaws should include a meeting format, under the Meeting Procedures and Guidelines. In-person meetings are a best practice; however, virtual is acceptable. The bylaws should include an option to hold a virtual meeting.

Onboarding and Orientation

NIST MEP strongly encourages boards to establish an onboarding and orientation process for new members. NIST MEP has observed that onboarding new members helps to provide key information about the MEP Center they will be supporting, fill-in the knowledge gaps about governance, and prepare the new members to assume their role.

Training and Development Plan

NIST MEP strongly encourages a board to establish a training and development plan to assist a new member to fully understand board expectations, how they can add value, and work effectively with the Center. Best practices suggest that member education, training, and development should be a continuous process and organizations should provide these opportunities to increase engagement and effectiveness.

Board Policies

The board should also consider additional governance policies to provide direction to the board and Center staff. These may include whistleblower protection; succession planning; and document retention/description.

REFERENCES

Department of Commerce Regulations and Policies

- DOC Financial Assistance Standard Terms and Conditions: <https://www.commerce.gov/oam/policy/financial-assistance-policy>

NIST Statute and Regulations

- 15 USC 278k, Hollings Manufacturing Extension Partnership
- 15 CFR Part 290, Regional Centers for the Transfer of Manufacturing Technology

NIST MEP Policies

- NIST MEP General Terms and Conditions (latest version available on MEIS and MEP Connect)
- NIST MEP Cooperative Agreement Recipient Reporting and Survey Requirements (latest version available on MEIS and MEP Connect)

Other Federal Government Resources

- IRS Form 1023 Purpose of Conflict of Interest Policy Part V: <https://www.irs.gov/pub/irs-pdf/i1023.pdf>
- IRS Required Information about Compensation and Other Financial Information: <https://www.irs.gov/charities-non-profits/form-1023-required-information-about-compensation-and-other-financial-information>
- IRS Sample Policy Statement: <https://www.irs.gov/instructions/i1023/ar03.html>