

“(f) SUBMISSIONS TO CONGRESS.—The Secretary shall submit to Congress any revisions made to the plan that are required by any law enacted after October 17, 1998. The revisions so made shall be submitted not later than 180 days after the date of the enactment of the law requiring the revisions.”

INVENTORY MANAGEMENT

Pub. L. 105-85, div. A, title III, §395, Nov. 18, 1997, 111 Stat. 1718, provided that:

“(a) DEVELOPMENT AND SUBMISSION OF SCHEDULE.—Not later than 180 days after the date of the enactment of this Act [Nov. 18, 1997], the Director of the Defense Logistics Agency shall develop and submit to Congress a schedule for implementing within the agency, for the supplies and equipment described in subsection (b), inventory practices identified by the Director as being the best commercial inventory practices for the acquisition and distribution of such supplies and equipment consistent with military requirements. The schedule shall provide for the implementation of such practices to be completed not later than three years after the date of the enactment of this Act.

“(b) COVERED SUPPLIES AND EQUIPMENT.—Subsection (a) shall apply to the following types of supplies and equipment for the Department of Defense:

- “(1) Medical and pharmaceutical.
- “(2) Subsistence.
- “(3) Clothing and textiles.
- “(4) Commercially available electronics.
- “(5) Construction.
- “(6) Industrial.
- “(7) Automotive.
- “(8) Fuel.
- “(9) Facilities maintenance.

“(c) DEFINITION.—For purposes of this section, the term ‘best commercial inventory practice’ includes a so-called prime vendor arrangement and any other practice that the Director determines will enable the Defense Logistics Agency to reduce inventory levels and holding costs while improving the responsiveness of the supply system to user needs.

“(d) REPORT ON EXPANSION OF COVERED SUPPLIES AND EQUIPMENT.—Not later than March 1, 1998, the Comptroller General shall submit to Congress a report evaluating the feasibility of expanding the list of covered supplies and equipment under subsection (b) to include repairable items.”

DIRECT VENDOR DELIVERY SYSTEM FOR CONSUMABLE INVENTORY ITEMS OF DEPARTMENT OF DEFENSE

Pub. L. 104-106, div. A, title III, §352, Feb. 10, 1996, 110 Stat. 266, provided that:

“(a) IMPLEMENTATION OF DIRECT VENDOR DELIVERY SYSTEM.—Not later than September 30, 1997, the Secretary of Defense shall, to the maximum extent practicable, implement a system under which consumable inventory items referred to in subsection (b) are delivered to military installations throughout the United States directly by the vendors of those items. The purpose for implementing the system is to reduce the expense and necessity of maintaining extensive warehouses for those items within the Department of Defense.

“(b) COVERED ITEMS.—The items referred to in subsection (a) are the following:

- “(1) Food and clothing.
- “(2) Medical and pharmaceutical supplies.
- “(3) Automotive, electrical, fuel, and construction supplies.
- “(4) Other consumable inventory items the Secretary considers appropriate.”

DATE OF ISSUANCE OF POLICY

Section 323(b) of Pub. L. 101-510 provided that: “The policy required by section 2458(a) of title 10, United States Code (as added by subsection (a)), shall be issued not later than 180 days after the date of the enactment of this Act [Nov. 5, 1990].”

CHAPTER 146—CONTRACTING FOR PERFORMANCE OF CIVILIAN COMMERCIAL OR INDUSTRIAL TYPE FUNCTIONS

- Sec. 2460. Definition of depot-level maintenance and repair.
- 2461. Public-private competition required before conversion to contractor performance.
- 2461a. Development and implementation of system for monitoring cost saving resulting from public-private competitions.
- 2462. Reports on public-private competition.
- 2463. Guidelines and procedures for use of civilian employees to perform Department of Defense functions.
- 2464. Core logistics capabilities.
- 2465. Prohibition on contracts for performance of firefighting or security-guard functions.
- 2466. Limitations on the performance of depot-level maintenance of materiel.
- [2467, 2468. Repealed.]
- 2469. Contracts to perform workloads previously performed by depot-level activities of the Department of Defense: requirement of competition.
- [2469a. Repealed.]
- 2470. Depot-level activities of the Department of Defense: authority to compete for maintenance and repair workloads of other Federal agencies.
- [2471. Repealed.]
- 2472. Prohibition on management of depot employees by end strength.
- [2473. Repealed.]
- 2474. Centers of Industrial and Technical Excellence: designation; public-private partnerships.
- 2475. Consolidation, restructuring, or reengineering of organizations, functions, or activities: notification requirements.
- 2476. Minimum capital investment for certain depots.

AMENDMENTS

- 2011—Pub. L. 111-383, div. A, title VIII, §822(b), Jan. 7, 2011, 124 Stat. 4268, struck out item 2473 “Procurements from the small arms production industrial base”.
- 2008—Pub. L. 110-181, div. A, title III, §§322(d), 324(a)(2), Jan. 28, 2008, 122 Stat. 60, 61, added item 2463 and struck out item 2467 “Cost comparisons: inclusion of retirement costs; consultation with employees; waiver of comparison”.
- 2006—Pub. L. 109-364, div. A, title III, §332(b), Oct. 17, 2006, 120 Stat. 2150, added item 2476.
- Pub. L. 109-163, div. A, title III, §341(g)(4), Jan. 6, 2006, 119 Stat. 3200, substituted “Public-private competition required” for “Commercial or industrial type functions: required studies and reports” in item 2461, “Development and implementation of system for monitoring cost saving resulting from public-private competitions” for “Development of system for monitoring cost savings resulting from workforce reductions” in item 2461a, and “Reports on public-private competition” for “Contracting for certain supplies and services required when cost is lower” in item 2462 and struck out item 2463 “Collection and retention of cost information data on converted services and functions”.
- 2004—Pub. L. 108-375, div. A, title III, §322(b)(2), Oct. 28, 2004, 118 Stat. 1846, substituted “Prohibition on management of depot employees by end strength” for “Management of depot employees” in item 2472.
- 2002—Pub. L. 107-314, div. A, title III, §333(b), Dec. 2, 2002, 116 Stat. 2514, struck out item 2469a “Use of competitive procedures in contracting for performance of depot-level maintenance and repair workloads formerly performed at certain military installations”.
- 2001—Pub. L. 107-107, div. A, title X, §1048(e)(10)(B), Dec. 28, 2001, 115 Stat. 1228, struck out item 2468 “Mili-

tary installations: authority of base commanders over contracting for commercial activities”.

2000—Pub. L. 106-398, §1 [[div. A], title III, §§341(g)(2), 353(b), 354(b)], Oct. 30, 2000, 114 Stat. 1654, 1654A-64, 1654A-73, 1654A-75, added items 2461a and 2475 and struck out item 2471 “Persons outside the Department of Defense: lease of excess depot-level equipment and facilities by”.

1999—Pub. L. 106-65, div. A, title III, §342(b)(2), Oct. 5, 1999, 113 Stat. 569, added item 2467 and struck former item 2467 “Cost comparisons: requirements with respect to retirement costs and consultation with employees”.

1997—Pub. L. 105-85, div. A, title III, §§355(c)(1), 356(b), 359(a)(2), 361(a)(2), 385(b), Nov. 18, 1997, 111 Stat. 1694, 1695, 1699, 1701, 1712, added item 2460, substituted “Collection and retention of cost information data on converted services and functions” for “Reports on savings or costs from increased use of DOD civilian personnel” in item 2463 and “capabilities” for “functions” in item 2464, and added items 2469a and 2474.

1996—Pub. L. 104-201, div. A, title VIII, §832(b), Sept. 23, 1996, 110 Stat. 2616, added item 2473.

Pub. L. 104-106, div. A, title III, §312(d), Feb. 10, 1996, 110 Stat. 251, added item 2472.

Pub. L. 104-106, div. A, title III, §311(f)(2), Feb. 10, 1996, 110 Stat. 248, which directed striking out items 2466 and 2469, was repealed by Pub. L. 105-85, div. A, title III, §363, Nov. 18, 1997, 111 Stat. 1702.

1994—Pub. L. 103-337, div. A, title III, §§335(b), 336(b), Oct. 5, 1994, 108 Stat. 2717, added items 2470 and 2471.

1992—Pub. L. 102-484, div. A, title III, §353(b), Oct. 23, 1992, 106 Stat. 2379, added item 2469.

1991—Pub. L. 102-190, div. A, title III, §314(a)(2), Dec. 5, 1991, 105 Stat. 1337, substituted “Limitations on the performance of depot-level maintenance of materiel” for “Prohibition on certain depot maintenance workload competitions” in item 2466.

1989—Pub. L. 101-189, div. A, title XI, §1131(a)(2), Nov. 29, 1989, 103 Stat. 1561, added item 2468.

1988—Pub. L. 100-456, div. A, title III, §§326(b), 331(b), Sept. 29, 1988, 102 Stat. 1956, 1958, added items 2466 and 2467.

§ 2460. Definition of depot-level maintenance and repair

(a) IN GENERAL.—In this chapter, the term “depot-level maintenance and repair” means (except as provided in subsection (b)) material maintenance or repair requiring the overhaul, upgrading, or rebuilding of parts, assemblies, or subassemblies, and the testing and reclamation of equipment as necessary, regardless of the source of funds for the maintenance or repair or the location at which the maintenance or repair is performed. The term includes (1) all aspects of software maintenance classified by the Department of Defense as of July 1, 1995, as depot-level maintenance and repair, and (2) interim contractor support or contractor logistics support (or any similar contractor support), to the extent that such support is for the performance of services described in the preceding sentence.

(b) EXCEPTIONS.—(1) The term does not include the procurement of major modifications or upgrades of weapon systems that are designed to improve program performance or the nuclear refueling of an aircraft carrier. A major upgrade program covered by this exception could continue to be performed by private or public sector activities.

(2) The term also does not include the procurement of parts for safety modifications. However, the term does include the installation of parts for that purpose.

(Added Pub. L. 105-85, div. A, title III, §355(a), Nov. 18, 1997, 111 Stat. 1693; amended Pub. L. 105-261, div. A, title III, §341, Oct. 17, 1998, 112 Stat. 1973.)

AMENDMENTS

1998—Subsec. (a). Pub. L. 105-261 inserted “or the location at which the maintenance or repair is performed” before period at end of first sentence.

§ 2461. Public-private competition required before conversion to contractor performance

(a) PUBLIC-PRIVATE COMPETITION.—(1) No function of the Department of Defense performed by Department of Defense civilian employees may be converted, in whole or in part, to performance by a contractor unless the conversion is based on the results of a public-private competition that—

(A) formally compares the cost of performance of the function by Department of Defense civilian employees with the cost of performance by a contractor;

(B) creates an agency tender, including a most efficient organization plan, in accordance with Office of Management and Budget Circular A-76, as implemented on May 29, 2003, or any successor circular;

(C) includes the issuance of a solicitation;

(D) determines whether the submitted offers meet the needs of the Department of Defense with respect to factors other than cost, including quality, reliability, and timeliness;

(E) examines the cost of performance of the function by Department of Defense civilian employees and the cost of performance of the function by one or more contractors to demonstrate whether converting to performance by a contractor will result in savings to the Government over the life of the contract, including—

(i) the estimated cost to the Government (based on offers received) for performance of the function by a contractor;

(ii) the estimated cost to the Government for performance of the function by Department of Defense civilian employees; and

(iii) an estimate of all other costs and expenditures that the Government would incur because of the award of such a contract;

(F) requires continued performance of the function by Department of Defense civilian employees unless the difference in the cost of performance of the function by a contractor compared to the cost of performance of the function by Department of Defense civilian employees would, over all performance periods required by the solicitation, be equal to or exceed the lesser of—

(i) 10 percent of the personnel-related costs for performance of that function in the agency tender; or

(ii) \$10,000,000;

(G) requires that the contractor shall not receive an advantage for a proposal that would reduce costs for the Department of Defense by—

(i) not making an employer-sponsored health insurance plan (or payment that could be used in lieu of such a plan), health

savings account, or medical savings account available to the workers who are to be employed to perform the function under the contract;

(ii) offering to such workers an employer-sponsored health benefits plan that requires the employer to contribute less towards the premium or subscription share than the amount that is paid by the Department of Defense for health benefits for civilian employees of the Department under chapter 89 of title 5; or

(iii) offering to such workers a retirement benefit that, in any year, costs less than the annual retirement cost factor applicable to civilian employees of the Department of Defense under chapter 84 of title 5; and

(H) examines the effect of performance of the function by a contractor on the military mission associated with the performance of the function.

(2) A function that is performed by the Department of Defense and is reengineered, reorganized, modernized, upgraded, expanded, or changed to become more efficient, but still essentially provides the same service, shall not be considered a new requirement.

(3) In no case may a function being performed by Department of Defense personnel be—

(A) modified, reorganized, divided, or in any way changed for the purpose of exempting the conversion of the function from the requirements of this section; or

(B) converted to performance by a contractor to circumvent a civilian personnel ceiling.

(4) A military department or Defense Agency may not be required to conduct a public-private competition under Office of Management and Budget Circular A-76 or any other provision of law at the end of the performance period specified in a letter of obligation or other agreement entered into with Department of Defense civilian employees pursuant to a public-private competition for any function of the Department of Defense performed by Department of Defense civilian employees.

(5)(A) Except as provided in subparagraph (B), the duration of a public-private competition conducted pursuant to Office of Management and Budget Circular A-76 or any other provision of law for any function of the Department of Defense performed by Department of Defense civilian employees may not exceed a period of 24 months, commencing on the date on which the preliminary planning for the public-private competition begins and ending on the date on which a performance decision is rendered with respect to the function.

(B)(i) The Secretary of Defense may specify an alternative period of time for a public-private competition, which may not exceed 33 months, if the Secretary—

(I) determines that the competition is of such complexity that it cannot be completed within 24 months; and

(II) submits to Congress, as part of the formal congressional notification of a public-private competition pursuant to subsection (c), written notification that explains the basis of such determination.

(ii) The notification under clause (i)(II) shall also address each of the following:

(I) Any efforts of the Secretary to break up the study geographically or functionally.

(II) The Secretary's justification for undertaking a public-private competition instead of using internal reengineering alternatives.

(III) The cost savings that the Secretary expects to achieve as a result of the public-private competition.

(iii) If the Secretary specifies an alternative time period under this subparagraph, the alternative time period shall be binding on the Department in the same manner and to the same extent as the limitation provided in subparagraph (A).

(C) The time period specified in subparagraph (A) for a public-private competition does not include any day during which the public-private competition is delayed by reason of the filing of a protest before the Government Accountability Office or a complaint in the United States Court of Federal Claims up until the day the decision or recommendation of either authority becomes final. In the case of a protest before the Government Accountability Office, the recommendation becomes final after the period of time for filing a request for reconsideration, or if a request for reconsideration is filed, on the day the Government Accountability Office issues a decision on the reconsideration.

(D) If a protest with respect to a public-private competition before the Government Accountability Office or the United States Court of Federal Claims is sustained, and the recommendation is final as described in subparagraph (C), and if such protest and recommendation result in an unforeseen delay in implementing a final performance decision, the Secretary of Defense may terminate the public-private competition or extend the period of time specified for the public-private competition under subparagraph (A) or subparagraph (B). If the Secretary decides not to terminate a competition, the Secretary shall submit to Congress written notice of such decision. Any such notification shall include a justification for the Secretary's decision and a new time limitation for the competition, which shall not exceed 12 months from the final decision and shall be binding on the Department.

(E) For the purposes of this paragraph, preliminary planning with respect to a public-private competition, begins on the date on which the Department of Defense obligates funds for the acquisition of contract support, or formally assigns Department of Defense personnel, to carry out any of the following activities:

(i) Determining the scope of the competition.

(ii) Conducting research to determine the appropriate grouping of functions for the competition.

(iii) Assessing the availability of workload data, quantifiable outputs of functions, and agency or industry performance standards applicable to the competition.

(iv) Determining the baseline cost of any function for which the competition is conducted.

(F) To effectively establish the date that is the first day of preliminary planning for a pub-

lic-private competition, the head of a military department shall submit to Congress written notice of such date and shall provide public notice by announcing such date on an appropriate Internet website. Such date is the first day of preliminary planning for a public-private competition for the purpose of computing the duration of the public private competition for purposes of this section.

(G) The Secretary of Defense shall submit to the congressional defense committees an annual report on the use, during the year covered by the report, of alternative time periods for public-private competitions under this section, and the explanations of the Secretary for such alternative time periods.

(b) REQUIREMENT TO CONSULT DOD EMPLOYEES.—(1) Each officer or employee of the Department of Defense responsible for determining under Office of Management and Budget Circular A-76 whether to convert to contractor performance any function of the Department of Defense—

(A) shall, at least monthly during the development and preparation of the performance work statement and the management efficiency study used in making that determination, consult with civilian employees who will be affected by that determination and consider the views of such employees on the development and preparation of that statement and that study; and

(B) may consult with such employees on other matters relating to that determination.

(2)(A) In the case of employees represented by a labor organization accorded exclusive recognition under section 7111 of title 5, consultation with representatives of that labor organization shall satisfy the consultation requirement in paragraph (1).

(B) In the case of employees other than employees referred to in subparagraph (A), consultation with appropriate representatives of those employees shall satisfy the consultation requirement in paragraph (1).

(C) The Secretary of Defense shall prescribe regulations to carry out this subsection. The regulations shall include provisions for the selection or designation of appropriate representatives of employees referred to in subparagraph (B) for purposes of the consultation required by paragraph (1).

(c) CONGRESSIONAL NOTIFICATION.—(1) Before commencing a public-private competition under subsection (a), the Secretary of Defense shall submit to Congress a report containing the following:

(A) The function for which such public-private competition is to be conducted.

(B) The location at which the function is performed by Department of Defense civilian employees.

(C) The number of Department of Defense civilian employee positions potentially affected.

(D) The anticipated length and cost of the public-private competition, and a specific identification of the budgetary line item from which funds will be used to cover the cost of the public-private competition.

(E) A certification that a proposed performance of the function by a contractor is not a

result of a decision by an official of a military department or Defense Agency to impose predetermined constraints or limitations on such employees in terms of man years, end strengths, full-time equivalent positions, or maximum number of employees.

(2) The report required under paragraph (1) shall include an examination of the potential economic effect of performance of the function by a contractor on—

(A) Department of Defense civilian employees who would be affected by such a conversion in performance; and

(B) the local community and the Government, if more than 50 Department of Defense civilian employees perform the function.

(3)(A) A representative individual or entity at a facility where a public-private competition is conducted may submit to the Secretary of Defense an objection to the public-private competition on the grounds that the report required by paragraph (1) has not been submitted or that the certification required by paragraph (1)(E) is not included in the report submitted as a condition for the public-private competition. The objection shall be in writing and shall be submitted within 90 days after the following date:

(i) In the case of a failure to submit the report when required, the date on which the representative individual or an official of the representative entity authorized to pose the objection first knew or should have known of that failure.

(ii) In the case of a failure to include the certification in a submitted report, the date on which the report was submitted to Congress.

(B) If the Secretary determines that the report required by paragraph (1) was not submitted or that the required certification was not included in the submitted report, the function for which the public-private competition was conducted for which the objection was submitted may not be the subject of a solicitation of offers for, or award of, a contract until, respectively, the report is submitted or a report containing the certification in full compliance with the certification requirement is submitted.

(d) EXEMPTION FOR THE PURCHASE OF PRODUCTS AND SERVICES OF THE BLIND AND OTHER SEVERELY HANDICAPPED PERSONS.—This section shall not apply to a commercial or industrial type function of the Department of Defense that—

(1) is included on the procurement list established pursuant to section 8503 of title 41; or

(2) is planned to be changed to performance by a qualified nonprofit agency for the blind or by a qualified nonprofit agency for other severely handicapped persons in accordance with that Act.¹

(e) INAPPLICABILITY DURING WAR OR EMERGENCY.—The provisions of this section shall not apply during war or during a period of national emergency declared by the President or Congress.

(Added Pub. L. 100-370, §2(a)(1), July 19, 1988, 102 Stat. 851; amended Pub. L. 101-189, div. A, title

¹ See References in Text note below.

XI, §1132, Nov. 29, 1989, 103 Stat. 1561; Pub. L. 104-106, div. D, title XLIII, §4321(b)(19), Feb. 10, 1996, 110 Stat. 673; Pub. L. 105-85, div. A, title III, §384, Nov. 18, 1997, 111 Stat. 1711; Pub. L. 105-261, div. A, title III, §342(a)-(c), Oct. 17, 1998, 112 Stat. 1974-1976; Pub. L. 106-65, div. A, title III, §341, Oct. 5, 1999, 113 Stat. 568; Pub. L. 106-398, §1 [(div. A), title III, §§351, 352], Oct. 30, 2000, 114 Stat. 1654, 1654A-71, 1654A-72; Pub. L. 107-107, div. A, title III, §344, Dec. 28, 2001, 115 Stat. 1061; Pub. L. 107-314, div. A, title III, §331, Dec. 2, 2002, 116 Stat. 2512; Pub. L. 109-163, div. A, title III, §341(a), (b), (c)(2), (3), (g)(1)-(2)(B), Jan. 6, 2006, 119 Stat. 3195, 3196, 3199, 3200; Pub. L. 110-181, div. A, title III, §§322(a), (b)(2), (c), 323, Jan. 28, 2008, 122 Stat. 58-60; Pub. L. 111-84, div. A, title III, §§321(a), 322(a), title X, §1073(a)(25), Oct. 28, 2009, 123 Stat. 2250, 2251, 2474; Pub. L. 111-350, §5(b)(34), Jan. 4, 2011, 124 Stat. 3845.)

HISTORICAL AND REVISION NOTES

Section is based on Pub. L. 96-342, title V, §502, Sept. 8, 1980, 94 Stat. 1086, as amended by Pub. L. 97-252, title XI, §1112(a), Sept. 8, 1982, 96 Stat. 747; Pub. L. 99-145, title XII, §1234(a), Nov. 8, 1985, 99 Stat. 734; Pub. L. 99-661, div. A, title XII, §1221, Nov. 14, 1986, 100 Stat. 3976.

REFERENCES IN TEXT

That Act, referred to in subsec. (d)(2), is a reference to the Javits-Wagner-O'Day Act, which is act June 25, 1938, ch. 697, 52 Stat. 1196, and was classified to sections 46 to 48c of former Title 41, Public Contracts, prior to being repealed and restated as chapter 85 (§8501 et seq.) of Title 41, Public Contracts, by Pub. L. 111-350, §§3, 7(b), Jan. 4, 2011, 124 Stat. 3677, 3855. For disposition of sections of former Title 41, see Disposition Table preceding section 101 of Title 41.

AMENDMENTS

2011—Subsec. (d)(1). Pub. L. 111-350, which directed substitution of “section 8503 of title 41” for “section 2 of the Javits-Wagner-O'Day Act (41 U.S.C. 47)” in subsec. (c)(1), was executed by making the substitution in subsec. (d)(1) to reflect the probable intent of Congress and the amendment by Pub. L. 110-181, §322(b)(2). See 2008 Amendment note below.

2009—Subsec. (a)(1). Pub. L. 111-84, §321(a), in introductory provisions, substituted “No function” for “A function” and “may be converted” for “may not be converted” and struck out “10 or more” before “Department of Defense civilian employees”.

Subsec. (a)(5). Pub. L. 111-84, §322(a), added par. (5).

Subsec. (c)(3)(A). Pub. L. 111-84, §1073(a)(25), substituted “the public-private competition” for “the public private competition” in two places in introductory provisions.

2008—Subsec. (a)(1)(B). Pub. L. 110-181, §322(c)(1)(A), inserted “, or any successor circular” after “2003”.

Subsec. (a)(1)(D). Pub. L. 110-181, §322(c)(1)(B), substituted “, reliability, and timeliness” for “and reliability”.

Subsec. (a)(1)(G), (H). Pub. L. 110-181, §322(a), added subpar. (G) and redesignated former subpar. (G) as (H).

Subsec. (a)(4). Pub. L. 110-181, §323, added par. (4).

Subsecs. (b), (c). Pub. L. 110-181, §322(b)(2), added subsec. (b) and redesignated former subsec. (b) as (c). Former subsec. (c) redesignated (d).

Subsec. (c)(2). Pub. L. 110-181, §322(c)(2), inserted “of” after “examination” in introductory provisions.

Subsecs. (d), (e). Pub. L. 110-181, §322(b)(2), redesignated subsecs. (c) and (d) as (d) and (e), respectively.

2006—Pub. L. 109-163, §341(g)(2)(A), substituted “Public-private competition required” for “Commercial or industrial type functions: required studies and reports” in section catchline.

Subsec. (a). Pub. L. 109-163, §341(a), amended heading and text of subsec. (a) generally. Prior to amendment,

text read as follows: “A commercial or industrial type function of the Department of Defense that, as of October 1, 1980, was being performed by Department of Defense civilian employees may not be changed to performance by the private sector until the Secretary of Defense fully complies with the reporting and analysis requirements specified in subsections (b) and (c).”

Subsec. (b). Pub. L. 109-163, §341(g)(2)(B), substituted “Congressional Notification” for “Notification and Elements of Analysis” in heading.

Subsec. (b)(1). Pub. L. 109-163, §341(b)(1)(A), in introductory provisions, substituted “a public-private competition under subsection (a)” for “to analyze a commercial or industrial type function described in subsection (a) for possible change to performance by the private sector”.

Subsec. (b)(1)(A). Pub. L. 109-163, §341(b)(1)(B), substituted “for which such public-private competition is to be conducted” for “to be analyzed for possible change”.

Subsec. (b)(1)(C). Pub. L. 109-163, §341(b)(1)(C), inserted “Department of Defense” before “civilian employee”.

Subsec. (b)(1)(D). Pub. L. 109-163, §341(b)(1)(D), substituted “the public-private competition” for “the analysis” in two places.

Subsec. (b)(1)(E). Pub. L. 109-163, §341(b)(1)(E), struck out “commercial or industrial type” before “function” and substituted “a contractor” for “persons who are not civilian employees of the Department of Defense”.

Subsec. (b)(2). Pub. L. 109-163, §341(b)(2), added par. (2) and struck out former par. (2) which read as follows: “The duty to prepare a report under paragraph (1) may be delegated. A report prepared below the major command or claimant level of a military department, or below the equivalent level in a Defense Agency, pursuant to any such delegation shall be reviewed at the major command, claimant level, or equivalent level, as the case may be, before submission to Congress.”

Subsec. (b)(3). Pub. L. 109-163, §341(b)(2), (3), redesignated par. (4) as (3) and struck out former par. (3) which related to analysis of a commercial or industrial type function for possible change to performance by the private sector.

Subsec. (b)(3)(A). Pub. L. 109-163, §341(b)(4)(A), in introductory provisions, substituted “where a public-private competition is conducted” for “where a commercial or industrial type function is analyzed for possible change in performance” and “the public private competition” for “the analysis” in two places.

Subsec. (b)(3)(B). Pub. L. 109-163, §341(b)(4)(B), substituted “the function for which the public-private competition was conducted for which the objection was submitted” for “the commercial or industrial type function covered by the analysis to which objected”.

Subsec. (b)(4). Pub. L. 109-163, §341(b)(3), redesignated par. (4) as (3).

Subsec. (c). Pub. L. 109-163, §341(g)(1), substituted “This section” for “Subsections (a) through (c) and subsection (g)”.

Pub. L. 109-163, §341(c)(3), substituted “Exemption” for “Waiver” in heading.

Pub. L. 109-163, §341(c)(2), redesignated subsec. (e) as (c) and struck out former subsec. (c) which related to submission of analysis results by the Secretary of Defense.

Subsecs. (d) to (h). Pub. L. 109-163, §341(c)(2), redesignated subsecs. (e) and (h) as (c) and (d), respectively, and struck out former subsecs. (d), (f), and (g) which related, respectively, to waiver for small functions, additional limitations, and annual reports.

2002—Subsec. (c). Pub. L. 107-314 amended heading and text of subsec. (c) generally. Prior to amendment, text related to the report to Congress by the Secretary of Defense upon a decision to change the commercial or industrial type function that was the subject of the analysis to performance by the private sector, with requirements for contents of the report and submission of the report prior to the change of the function to contractor performance.

2001—Subsec. (g). Pub. L. 107-107 substituted “June 30” for “February 1”.

2000—Subsec. (b)(1)(D). Pub. L. 106-398, §1 [[div. A], title III, §351(a)], inserted before period “, and a specific identification of the budgetary line item from which funds will be used to cover the cost of the analysis”.

Subsec. (c)(1). Pub. L. 106-398, §1 [[div. A], title III, §351(b)], added subpars. (A), (D), (E), and (G) and redesignated former subpars. (A), (B), (C), (D), and (E) as (B), (C), (F), (H), and (I), respectively.

Subsec. (c)(2), (3). Pub. L. 106-398, §1 [[div. A], title III, §352], added par. (2) and redesignated former par. (2) as (3).

1999—Subsec. (b)(3)(B)(ii). Pub. L. 106-65 substituted “50 employees” for “75 employees”.

1998—Subsec. (a). Pub. L. 105-261, §342(a)(2), added subsec. (a) and struck out former subsec. (a) which provided that commercial or industrial type functions of the Department of Defense that on Oct. 1, 1980, were being performed by Department of Defense civilian employees could not be converted to performance by private contractors unless the Secretary of Defense provided certain notices, information, certifications, and reports to Congress.

Subsec. (b). Pub. L. 105-261, §342(a)(2), added subsec. (b) and struck out heading and text of former subsec. (b). Text read as follows: “If, after completion of the studies required for completion of the certification and report required by paragraphs (3) and (4) of subsection (a), a decision is made to convert the function to contractor performance, the Secretary of Defense shall notify Congress of such decision. The notification shall include the timetable for completing conversion of the function to contractor performance.”

Subsec. (c). Pub. L. 105-261, §342(a)(2), added subsec. (c). Former subsec. (c) redesignated (g).

Subsec. (d). Pub. L. 105-261, §342(b), (c)(1), substituted “50” for “20” and inserted “and subsection (g)” after “Subsections (a) through (c)”.

Subsec. (e). Pub. L. 105-261, §342(c)(1), (2), inserted “and subsection (g)” after “Subsections (a) through (c)” in introductory provisions and substituted “changed” for “converted” in par. (2).

Subsec. (f). Pub. L. 105-261, §342(c)(2), (3), substituted “changed” for “converted” in par. (1) and “change” for “conversion” in par. (2).

Subsecs. (g), (h). Pub. L. 105-261, §342(a)(1), redesignated subsecs. (c) and (g) as (g) and (h), respectively.

1997—Subsec. (a)(1). Pub. L. 105-85, §384(a), inserted “and the anticipated length and cost of the study” before semicolon at end.

Subsec. (b). Pub. L. 105-85, §384(b), inserted at end “The notification shall include the timetable for completing conversion of the function to contractor performance.”

Subsec. (d). Pub. L. 105-85, §384(c), substituted “20 or fewer” for “45 or fewer”.

1996—Subsec. (e)(1). Pub. L. 104-106 substituted “the Javits-Wagner-O’Day Act (41 U.S.C. 47)” for “the Act of June 25, 1938 (41 U.S.C. 47), popularly referred to as the Wagner-O’Day Act”.

1989—Subsecs. (e) to (g). Pub. L. 101-189 added subsec. (e) and redesignated former subsecs. (e) and (f) as (f) and (g), respectively.

EFFECTIVE DATE OF 2009 AMENDMENT

Pub. L. 111-84, div. A, title III, §321(b), Oct. 28, 2009, 123 Stat. 2250, provided that: “The amendments made by subsection (a) [amending this section] shall apply with respect to a function for which a public-private competition is commenced on or after the date of the enactment of this Act [Oct. 28, 2009].”

Pub. L. 111-84, div. A, title III, §322(b), Oct. 28, 2009, 123 Stat. 2252, provided that: “Paragraph (5) of section 2461(a) of title 10, United States Code, as added by subsection (a), shall apply with respect to a public-private competition covered by such section that is initiated on or after the date of the enactment of this Act [Oct. 28, 2009].”

EFFECTIVE DATE OF 1998 AMENDMENT

Pub. L. 105-261, div. A, title III, §342(d), Oct. 17, 1998, 112 Stat. 1976, provided that: “The amendments made by this section [amending this section] shall take effect on the date of the enactment of this Act [Oct. 17, 1998], but the amendments shall not apply with respect to a conversion of a function of the Department of Defense to performance by a private contractor concerning which the Secretary of Defense provided to Congress, before the date of the enactment of this Act, a notification under paragraph (1) of section 2461(a) of title 10, United States Code, as in effect on the day before the date of the enactment of this Act.”

EFFECTIVE DATE OF 1996 AMENDMENT

For effective date and applicability of amendment by Pub. L. 104-106, see section 4401 of Pub. L. 104-106, set out as a note under section 2302 of this title.

RESTRICTION ON OFFICE OF MANAGEMENT AND BUDGET INFLUENCE OVER DEPARTMENT OF DEFENSE PUBLIC-PRIVATE COMPETITIONS

Pub. L. 110-181, div. A, title III, §325, Jan. 28, 2008, 122 Stat. 61, provided that:

“(a) RESTRICTION ON OFFICE OF MANAGEMENT AND BUDGET.—The Office of Management and Budget may not direct or require the Secretary of Defense or the Secretary of a military department to prepare for, undertake, continue, or complete a public-private competition or direct conversion of a Department of Defense function to performance by a contractor under Office of Management and Budget Circular A-76, or any other successor regulation, directive, or policy.

“(b) RESTRICTION ON SECRETARY OF DEFENSE.—The Secretary of Defense or the Secretary of a military department may not prepare for, undertake, continue, or complete a public-private competition or direct conversion of a Department of Defense function to performance by a contractor under Office of Management and Budget Circular A-76, or any other successor regulation, directive, or policy by reason of any direction or requirement provided by the Office of Management and Budget.

“(c) INSPECTOR GENERAL REVIEW.—

“(1) COMPREHENSIVE REVIEW REQUIRED.—The Inspector General of the Department of Defense shall conduct a comprehensive review of the compliance of the Secretary of Defense and the Secretaries of the military departments with the requirements of this section during calendar year 2008. The Inspector General shall submit to the congressional defense committees [Committees on Armed Services and Appropriations of the Senate and the House of Representatives] the following reports on the comprehensive review:

“(A) An interim report, to be submitted by not later than 90 days after the date of the enactment of this Act [Jan. 28, 2008].

“(B) A final report, to be submitted by not later than December 31, 2008.

“(2) INSPECTOR GENERAL ACCESS.—For the purpose of determining compliance with the requirements of this section, the Secretary of Defense shall ensure that the Inspector General has access to all Department records of relevant communications between Department officials and officials of other departments and agencies of the Federal Government, whether such communications occurred inside or outside of the Department.”

PILOT PROGRAM ON COMMERCIAL FEE-FOR-SERVICE AIR REFUELING SUPPORT FOR THE AIR FORCE

Pub. L. 111-84, div. A, title X, §1082, Oct. 28, 2009, 123 Stat. 2481, provided that:

“(a) MULTIYEAR CONTRACTS AUTHORIZED.—The Secretary of the Air Force may enter into one or more multiyear contracts, beginning with the fiscal year 2011 program year, for purposes of conducting the pilot program on utilizing commercial fee-for-service air refueling tanker aircraft for Air Force operations required by

section 1081 of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110-181; 122 Stat. 335) [set out below].

“(b) COMPLIANCE WITH LAW APPLICABLE TO MULTI-YEAR CONTRACTS.—Any contract entered into under subsection (a) shall be entered into in accordance with the provisions of section 2306c of title 10, United States Code, except that—

“(1) the term of the contract may not be more than 8 years; and

“(2) notwithstanding section 2306c(b) of such title, the authority under section 2306c(a) of such title shall apply to the fee-for-service air refueling pilot program.

“(c) COMPLIANCE WITH LAW APPLICABLE TO SERVICE CONTRACTS.—A contract entered into under subsection (a) shall be entered into in accordance with the provisions of section 2401 of title 10, United States Code, except that—

“(1) the Secretary shall not be required to certify to the congressional defense committees [Committees on Armed Services and Appropriations of the Senate and the House of Representatives] that the contract is the most cost-effective means of obtaining commercial fee-for-service air refueling tanker aircraft for Air Force operations; and

“(2) the Secretary shall not be required to certify to the congressional defense committees that there is no alternative for meeting urgent operational requirements other than making the contract.

“(d) LIMITATION ON AMOUNT.—The amount of a contract under subsection (a) may not exceed \$999,999,999.

“(e) PROVISION OF GOVERNMENT INSURANCE.—A commercial air operator contracting with the Department of Defense under the pilot program referred to in subsection (a) shall be eligible to receive Government-provided insurance pursuant to chapter 443 of title 49, United States Code, if commercial insurance is unavailable on reasonable terms and conditions.”

Pub. L. 110-181, div. A, title X, §1081, Jan. 28, 2008, 122 Stat. 335, as amended by Pub. L. 111-84, div. A, title X, §1081, Oct. 28, 2009, 123 Stat. 2481, provided that:

“(a) PILOT PROGRAM REQUIRED.—The Secretary of the Air Force shall conduct, as soon as practicable after the date of the enactment of this Act [Jan. 28, 2008], a pilot program to assess the feasibility and advisability of utilizing commercial fee-for-service air refueling tanker aircraft for Air Force operations, unless the Secretary of Defense submits notification to the congressional defense committees [Committees on Armed Services and Appropriations of the Senate and the House of Representatives] that pursuing such a program is not in the national interest. The duration of the pilot program shall be at least five years after commencement of the program.

“(b) PURPOSE.—

“(1) IN GENERAL.—The pilot program required by subsection (a) shall evaluate the feasibility of fee-for-service air refueling to support, augment, or enhance the air refueling mission of the Air Force by utilizing commercial air refueling providers on a fee-for-service basis.

“(2) ELEMENTS.—In order to achieve the purpose of the pilot program, the Secretary of the Air Force shall—

“(A) demonstrate and validate a comprehensive strategy for air refueling on a fee-for-service basis by evaluating all mission areas, including testing support, training support to receiving aircraft, homeland defense support, deployment support, air bridge support, aeromedical evacuation, and emergency air refueling; and

“(B) integrate fee-for-service air refueling described in paragraph (1) into Air Mobility Command operations during the evaluation and execution phases of the pilot program.

“(c) ANNUAL REPORT.—The Secretary of the Air Force shall provide to the congressional defense committees [Committees on Armed Services and Appropriations of the Senate and the House of Representatives] an an-

nual report on the fee-for-service air refueling program, which includes—

“(1) information with respect to—

“(A) missions flown;

“(B) mission areas supported;

“(C) aircraft number, type, model series supported;

“(D) fuel dispensed;

“(E) departure reliability rates; and

“(F) the annual and cumulative cost to the Government for the program, including a comparison of costs of the same service provided by the Air Force;

“(2) an assessment of the impact of outsourcing air refueling on the Air Force's flying hour program and aircrew training; and

“(3) any other data that the Secretary determines is appropriate for evaluating the performance of the commercial air refueling providers participating in the pilot program.

“(d) COMPTROLLER GENERAL REVIEW.—The Comptroller General shall submit to the congressional defense committees [Committees on Armed Services and Appropriations of the Senate and the House of Representatives]—

“(1) an annual review of the conduct of the pilot program under this section and any recommendations of the Comptroller General for improving the program; and

“(2) not later than 90 days after the completion of the pilot program, a final assessment of the results of the pilot program and the recommendations of the Comptroller General for whether the Secretary of the Air Force should continue to utilize fee-for-service air refueling.”

INAPPLICABILITY OF SUBSECTION (a)(1)(E) TO BEST-VALUE SOURCE SELECTION PILOT PROGRAM

Pub. L. 109-163, div. A, title III, §341(e), Jan. 6, 2006, 119 Stat. 3199, as amended by Pub. L. 109-364, div. A, title X, §1071(e)(1), Oct. 17, 2006, 120 Stat. 2401, provided that: “Subsection (a)(1)(F) of section 2461 of title 10, United States Code, as amended by subsection (a), shall not apply with respect to the pilot program for best-value source selection for performance of information technology services authorized by section 336 of the National Defense Authorization Act for Fiscal Year 2004 (Public Law 108-136; 117 Stat. 1444; 10 U.S.C. 2461 note).”

PERFORMANCE OF CERTAIN WORK BY FEDERAL GOVERNMENT EMPLOYEES

Pub. L. 109-163, div. A, title III, §343, Jan. 6, 2006, 119 Stat. 3200, which provided that the Secretary of Defense was to prescribe guidelines and procedures for ensuring that consideration be given to using Federal Government employees for work that was currently performed or would otherwise be performed under Department of Defense contracts, and that the Secretary was to include the use of the flexible hiring authority available through the National Security Personnel System in order to facilitate performance by Federal Government employees of new requirements and work that was performed under Department of Defense contracts, was repealed and restated in section 2463 of this title by Pub. L. 110-181, div. A, title III, §324(a)(1), (c), Jan. 28, 2008, 122 Stat. 60, 61.

PILOT PROGRAM FOR PURCHASE OF CERTAIN MUNICIPAL SERVICES FOR MILITARY INSTALLATIONS

Pub. L. 108-375, div. A, title III, §325, Oct. 28, 2004, 118 Stat. 1847, as amended by Pub. L. 110-181, div. B, title XXVIII, §2826, Jan. 28, 2008, 122 Stat. 546; Pub. L. 110-417, [div. A], title X, §1061(b)(16), Oct. 14, 2008, 122 Stat. 4613, provided that:

“(a) PILOT PROGRAM AUTHORIZED.—The Secretary of a military department may carry out a pilot program to procure one or more of the municipal services specified in subsection (b) for a military installation under the jurisdiction of the Secretary from a county or municipality in which the installation is located for the pur-

pose of evaluating the efficacy of procuring such services rather than providing them directly.

“(b) SERVICES AUTHORIZED FOR PROCUREMENT.—Only the following services may be procured for a military installation participating in the pilot program:

- “(1) Refuse collection.
- “(2) Refuse disposal.
- “(3) Library services.
- “(4) Recreation services.
- “(5) Facility maintenance and repair.
- “(6) Utilities.

“(c) PARTICIPATING INSTALLATIONS.—Not more than three military installations from each military service may be selected to participate in the pilot program, and only installations located in the United States are eligible for selection.

“(d) CONGRESSIONAL NOTIFICATION.—The Secretary of a military department may not enter into a contract under the pilot program for the procurement of municipal services until the Secretary notifies the congressional defense committees [Committees on Armed Services and Appropriations of Senate and House of Representatives] of the proposed contract and a period of 14 days elapses from the date the notification is received by the committees.

“(e) TERMINATION OF PILOT PROGRAM.—The pilot program shall terminate on September 30, 2012. Any contract entered into under the pilot program shall terminate not later than that date.”

LIMITATIONS ON CONVERSION OF WORK PERFORMED BY DEPARTMENT OF DEFENSE CIVILIAN EMPLOYEES TO CONTRACTOR PERFORMANCE

Pub. L. 108-375, div. A, title III, § 327, Oct. 28, 2004, 118 Stat. 1849, which generally required the Secretary of Defense to maintain the continued performance of certain activities and functions by civilian employees unless the competitive sourcing official determined that the cost of performance of the activity or function by a contractor would be less costly by an amount that equaled or exceeded the lesser of \$10,000,000 or 10 percent of the most efficient organization's personnel-related costs for performance of the activity or function by civilian employees, was repealed by Pub. L. 109-163, div. A, title III, § 341(g)(3), Jan. 6, 2006, 119 Stat. 3200.

DELAYED IMPLEMENTATION OF REVISED OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-76 BY DEPARTMENT OF DEFENSE

Pub. L. 108-136, div. A, title III, § 335, Nov. 24, 2003, 117 Stat. 1443, provided that:

“(a) LIMITATION PENDING REPORT.—No studies or competitions may be conducted under the policies and procedures contained in the revised Office of Management and Budget Circular A-76 dated May 29, 2003 (68 Fed. Reg. 32134), relating to the possible contracting out of commercial activities being performed, as of such date, by employees of the Department of Defense, until the end of the 45-day period beginning on the date on which the Secretary of Defense submits to Congress a report on the effects of the revisions.

“(b) CONTENT OF REPORT.—The report required by subsection (a) shall contain, at a minimum, specific information regarding the following:

- “(1) The extent to which the revised circular will ensure that employees of the Department of Defense have the opportunity to compete to retain their jobs.
- “(2) The extent to which the revised circular will provide appeal and protest rights to employees of the Department of Defense.
- “(3) Identify safeguards in the revised circular to ensure that all public-private competitions are fair, appropriate, and comply with requirements of full and open competition.

“(4) The plans of the Department to ensure an appropriate phase-in period for the revised circular, as recommended by the Commercial Activities Panel of the Government [General] Accounting Office [now Government Accountability Office] in its April 2002

report to Congress, including recommendations for any legislative changes that may be required to ensure a smooth and efficient phase-in period.

“(5) The plans of the Department to provide training to employees of the Department of Defense regarding the revised circular, including how the training will be funded, how employees will be selected to receive the training, and the number of employees likely to receive the training.

“(6) The plans of the Department to collect and analyze data on the costs and quality of work contracted out or retained in-house as a result of a sourcing process conducted under the revised circular.”

PILOT PROGRAM FOR BEST-VALUE SOURCE SELECTION FOR PERFORMANCE OF INFORMATION TECHNOLOGY SERVICES

Pub. L. 108-136, div. A, title III, § 336, Nov. 24, 2003, 117 Stat. 1444, provided that:

“(a) AUTHORITY TO USE BEST-VALUE CRITERION.—The Secretary of Defense may carry out a pilot program for the procurement of information technology services for the Department of Defense that uses a best-value criterion in the selection of the source for the performance of the information technology services.

“(b) REQUIRED EXAMINATION UNDER PILOT PROJECT.—Under the pilot program, the Secretary of Defense shall modify the examination otherwise required by section 2461(b)(3)(A) [now 2461(c)(3)(A)] of title 10, United States Code, to be an examination of the performance of an information technology services function by Department of Defense civilian employees and by one or more private contractors to demonstrate whether—

“(1) a change to performance by the private sector will result in the best value to the Government over the life of the contract, as determined in accordance with the competition requirements of Office of Management and Budget Circular A-76; and

“(2) certain benefits exist, in addition to price, that warrant performance of the function by a private sector source at a cost higher than that of performance by Department of Defense civilian employees.

“(c) EXEMPTION FOR PILOT PROGRAM.—Section 2462(a) of title 10, United States Code, does not apply to the procurement of information technology services under the pilot program.

“(d) DURATION OF PILOT PROGRAM.—(1) The authority to carry out the pilot program begins on the date on which the Secretary of Defense submits to Congress the report on the effect of the recent revisions to Office of Management and Budget Circular A-76, as required by section 335 of this Act [set out above], and expires on September 30, 2008.

“(2) The expiration of the pilot program shall not affect the selection of the source for the performance of an information technology services function for the Department of Defense for which the analysis required by section 2461(b)(3) [now 2461(c)(3)] of title 10, United States Code, has been commenced before the expiration date or for which a solicitation has been issued before the expiration date.

“(e) GAO REVIEW.—Not later than February 1, 2008, the Comptroller General shall submit to Congress a report containing—

“(1) a review of the pilot program to assess the extent to which the pilot program is effective and is equitable for the potential public sources and the potential private sources of information technology services for the Department of Defense; and

“(2) any other conclusions of the Comptroller General resulting from the review.

“(f) INFORMATION TECHNOLOGY SERVICE DEFINED.—In this section, the term ‘information technology service’ means any service performed in the operation or maintenance of information technology (as defined in section 11101 of title 40, United States Code) that is necessary for or beneficial to the accomplishment of the authorized functions of the Department of Defense (other than functions which the Secretary of Defense

determines must be performed by military or Government personnel).”

PILOT MANPOWER REPORTING SYSTEM IN DEPARTMENT OF THE ARMY

Pub. L. 107-107, div. A, title III, §345(a)–(c), Dec. 28, 2001, 115 Stat. 1061, 1062, provided that, not later than Mar. 1 of each of the fiscal years 2002 through 2004, the Secretary of the Army was to submit to Congress a report describing the use during the previous fiscal year of non-Federal entities to provide services to the Department of the Army.

PILOT PROGRAM FOR COMMERCIAL SERVICES

Pub. L. 106-65, div. A, title VIII, §814, Oct. 5, 1999, 113 Stat. 711, authorized the Secretary of Defense to carry out a pilot program to treat procurements of commercial services as procurements of commercial items, required the Secretary to issue guidance to procurement officials not later than 90 days after Oct. 5, 1999, and provided that the pilot program was to begin on the date that the Secretary issued the guidance and that it could continue for a period, not in excess of five years.

PUBLIC AVAILABILITY OF OPERATING AGREEMENTS BETWEEN MILITARY INSTALLATIONS AND FINANCIAL INSTITUTIONS

Pub. L. 105-261, div. A, title III, §379, Oct. 17, 1998, 112 Stat. 1995, provided that: “With respect to an agreement between the commander of a military installation in the United States (or the designee of such an installation commander) and a financial institution that permits, allows, or otherwise authorizes the provision of financial services by the financial institution on the military installation, nothing in the terms or nature of such an agreement shall be construed to exempt the agreement from the provisions of sections 552 and 552a of title 5, United States Code.”

DEVELOPMENT OF STANDARD FORMS REGARDING PERFORMANCE WORK STATEMENT AND REQUEST FOR PROPOSAL FOR CONVERSION OF CERTAIN OPERATIONAL FUNCTIONS OF MILITARY INSTALLATIONS

Section 389 of Pub. L. 105-85, as amended by Pub. L. 105-261, div. A, title X, §1069(b)(1), Oct. 17, 1998, 112 Stat. 2136, provided that:

“(a) STANDARDIZATION OF REQUIREMENTS.—The Secretary of Defense is authorized and encouraged to develop standard forms (to be known as a ‘standard performance work statement’ and a ‘standard request for proposal’) for use in the consideration for conversion to contractor performance of commercial services and functions at military installations. A separate standard form shall be developed for each service and function.

“(b) RELATIONSHIP TO OMB REQUIREMENTS.—A standard performance work statement or a standard request for proposal developed under subsection (a) must fulfill the basic requirements of the performance work statement or request for proposal otherwise required under the procedures and requirements of Office of Management and Budget Circular A-76 (or any successor administrative regulation or policy) in effect at the time the standard form will be used.

“(c) PRIORITY DEVELOPMENT OF CERTAIN FORMS.—In developing standard performance work statements and standard requests for proposal, the Secretary shall give first priority to those commercial services and functions that the Secretary determines have been successfully converted to contractor performance on a repeated basis.

“(d) INCENTIVE FOR USE.—Beginning not later than October 1, 1998, if a standard performance work statement or a standard request for proposal is developed under subsection (a) for a particular service and function, the standard form may be used in lieu of the performance work statement or request for proposal otherwise required under the procedures and requirements of Office of Management and Budget Circular A-76 in connection with the consideration for conversion to con-

tractor performance of that service or function at a military installation.

“(e) EXCLUSION OF MULTIFUNCTION CONVERSION.—If a commercial service or function for which a standard form is developed under subsection (a) is combined with another service or function (for which such a form has not yet been developed) for purposes of considering the services and functions at the military installation for conversion to contractor performance, a standard performance work statement or a standard request for a proposal developed under subsection (a) may not be used in the conversion process in lieu of the procedures and requirements of Office of Management and Budget Circular A-76.

“(f) EFFECT ON OTHER LAWS.—Nothing in this section shall be construed to supersede any other requirements or limitations, specifically contained in chapter 146 of title 10, United States Code, on the conversion to contractor performance of activities performed by civilian employees of the Department of Defense.

“(g) GAO REPORT.—Not later than June 1, 1999, the Comptroller General shall submit to Congress a report reviewing the implementation of this section.

“(h) MILITARY INSTALLATION DEFINED.—For purposes of this section, the term ‘military installation’ means a base, camp, post, station, yard, center, homeport facility for any ship, or other activity under the jurisdiction of the Department of Defense, including any leased facility.”

[Pub. L. 105-261, div. A, title X, §1069(b), Oct. 17, 1998, 112 Stat. 2136, provided that the amendment made by that section to section 389 of Pub. L. 105-85, set out above, is effective as of Nov. 18, 1997, and as if included in the National Defense Authorization Act for Fiscal Year 1998, Pub. L. 105-85, as enacted.]

PRIVATE-SECTOR OPERATION OF CERTAIN PAYROLL, FINANCE, AND ACCOUNTING FUNCTIONS OF DEPARTMENT OF DEFENSE; PLAN; REPORT

Section 353(a) of Pub. L. 104-106 provided that:

“(1) Not later than October 1, 1996, the Secretary of Defense shall submit to Congress a plan for the performance by private-sector sources of payroll functions for civilian employees of the Department of Defense other than employees paid from nonappropriated funds.

“(2)(A) The Secretary shall implement the plan referred to in paragraph (1) if the Secretary determines that the cost of performance by private-sector sources of the functions referred to in that paragraph does not exceed the cost of performance of those functions by employees of the Federal Government.

“(B) In computing the total cost of performance of such functions by employees of the Federal Government, the Secretary shall include the following:

“(i) Managerial and administrative costs.

“(ii) Personnel costs, including the cost of providing retirement benefits for such personnel.

“(iii) Costs associated with the provision of facilities and other support by Federal agencies.

“(C) The Defense Contract Audit Agency shall verify the costs computed for the Secretary under this paragraph by others.

“(3) At the same time the Secretary submits the plan required by paragraph (1), the Secretary shall submit to Congress a report on other accounting and finance functions of the Department that are appropriate for performance by private-sector sources.”

PILOT PROGRAM FOR PRIVATE-SECTOR OPERATION OF NAFFI FUNCTIONS

Section 353(b) of Pub. L. 104-106 provided that:

“(1) The Secretary shall carry out a pilot program to test the performance by private-sector sources of payroll and other accounting and finance functions of nonappropriated fund instrumentalities and to evaluate the extent to which cost savings and efficiencies would result from the performance of such functions by those sources.

“(2) The payroll and other accounting and finance functions designated by the Secretary for performance

by private-sector sources under the pilot program shall include at least one major payroll, accounting, or finance function.

“(3) To carry out the pilot program, the Secretary shall enter into discussions with private-sector sources for the purpose of developing a request for proposals to be issued for performance by those sources of functions designated by the Secretary under paragraph (2). The discussions shall be conducted on a schedule that accommodates issuance of a request for proposals within 60 days after the date of the enactment of this Act [Feb. 10, 1996].

“(4) A goal of the pilot program is to reduce by at least 25 percent the total costs incurred by the Department annually for the performance of a function referred to in paragraph (2) through the performance of that function by a private-sector source.

“(5) Before conducting the pilot program, the Secretary shall develop a plan for the program that addresses the following:

“(A) The purposes of the program.

“(B) The methodology, duration, and anticipated costs of the program, including the cost of an arrangement pursuant to which a private-sector source would receive an agreed-upon payment plus an additional negotiated amount not to exceed 50 percent of the dollar savings achieved in excess of the goal specified in paragraph (4).

“(C) A specific citation to any provisions of law, rule, or regulation that, if not waived, would prohibit the conduct of the program or any part of the program.

“(D) A mechanism to evaluate the program.

“(E) A provision for all payroll, accounting, and finance functions of nonappropriated fund instrumentalities of the Department of Defense to be performed by private-sector sources, if determined advisable on the basis of a final assessment of the results of the program.

“(6) The Secretary shall act through the Under Secretary of Defense (Comptroller) in the performance of the Secretary’s responsibilities under this subsection.”

DEMONSTRATION PROGRAM TO IDENTIFY OVERPAYMENTS MADE TO VENDORS

Pub. L. 105-85, div. A, title III, §388(c), Nov. 18, 1997, 111 Stat. 1714, provided that, not later than Dec. 31, 1998, the Comptroller General was to submit to Congress a report containing the results of a review by the Comptroller General of the demonstration program conducted under section 354 of Pub. L. 104-106, set out below.

Section 354 of Pub. L. 104-106, as amended by Pub. L. 105-85, div. A, title III, §388(a), (b), Nov. 18, 1997, 111 Stat. 1713, 1714, provided that:

“(a) IN GENERAL.—The Secretary of Defense shall conduct a demonstration program to evaluate the feasibility of using private contractors to audit accounting and procurement records of the Department of Defense in order to identify overpayments made to vendors by the Department.

“(b) PROGRAM REQUIREMENTS.—(1) Under the demonstration program, the Secretary shall, by contract, provide for one or more persons to audit the accounting and procurement records relating to fiscal years after fiscal year 1993 of the working-capital funds and industrial, commercial, and support type activities managed through the Defense Business Operations Fund, except the Defense Logistics Agency to the extent such records have already been audited. The Secretary may enter into more than one contract under the program.

“(2) A contract under the demonstration program shall require the contractor to use data processing techniques that are generally used in audits of private-sector records similar to the records audited under the contract.

“(c) AUDIT REQUIREMENTS.—In conducting an audit under the demonstration program, a contractor shall compare Department of Defense purchase agreements (and related documents) with invoices submitted by

vendors under the purchase agreements. A purpose of the comparison is to identify, in the case of each audited purchase agreement, the following:

“(1) Any payments to the vendor for costs that are not allowable under the terms of the purchase agreement or by law.

“(2) Any amounts not deducted from the total amount paid to the vendor under the purchase agreement that should have been deducted from that amount on account of goods and services provided to the vendor by the Department.

“(3) Duplicate payments.

“(4) Unauthorized charges.

“(5) Other discrepancies between the amount paid to the vendor and the amount actually due the vendor under the purchase agreement.

“(d) COLLECTION METHOD.—(1) In the case of an overpayment to a vendor identified under the demonstration program, the Secretary shall consider the use of the procedures specified in section 32.611 of the Federal Acquisition Regulation, regarding a setoff against existing invoices for payment to the vendor, as the first method by which the Department seeks to recover the amount of the overpayment (and any applicable interest and penalties) from the vendor.

“(2) The Secretary of Defense shall be solely responsible for notifying a vendor of an overpayment made to the vendor and identified under the demonstration program and for recovering the amount of the overpayment (and any applicable interest and penalties) from the vendor.

“(e) FEES FOR CONTRACTOR.—The Secretary shall pay to the contractor under the contract entered into under the demonstration program an amount not to exceed 25 percent of the total amount recovered by the Department (through the collection of overpayments and the use of setoffs) solely on the basis of information obtained as a result of the audits performed by the contractor under the program. When an overpayment is recovered through the use of a setoff, amounts for the required payment to the contractor shall be derived from funds available to the working-capital fund or industrial, commercial, or support type activity for which the overpayment is recovered.”

PROGRAM FOR IMPROVED TRAVEL PROCESS FOR DEPARTMENT OF DEFENSE

Section 356 of Pub. L. 104-106, as amended by Pub. L. 105-85, div. A, title X, §1073(d)(1)(B), Nov. 18, 1997, 111 Stat. 1905, provided that:

“(a) IN GENERAL.—(1) The Secretary of Defense shall conduct a program to evaluate options to improve the Department of Defense travel process. To carry out the program, the Secretary shall compare the results of the tests conducted under subsection (b) to determine which travel process tested under such subsection is the better option to effectively manage travel of Department personnel.

“(2) The program shall be conducted at not less than three and not more than six military installations, except that an installation may be the subject of only one test conducted under the program.

“(3) The Secretary shall act through the Under Secretary of Defense (Comptroller) in the performance of the Secretary’s responsibilities under this section.

“(b) CONDUCT OF TESTS.—(1) The Secretary shall conduct a test at an installation referred to in subsection (a)(2) under which the Secretary—

“(A) implements the changes proposed to be made with respect to the Department of Defense travel process by the task force on travel management that was established by the Secretary in July 1994;

“(B) manages and uniformly applies that travel process (including the implemented changes) throughout the Department; and

“(C) provides opportunities for private-sector sources to provide travel reservation services and credit card services to facilitate that travel process.

“(2) The Secretary shall conduct a test at an installation referred to in subsection (a)(2) under which the Secretary—

“(A) enters into one or more contracts with a private-sector source pursuant to which the private-sector source manages the Department of Defense travel process (except for functions referred to in subparagraph (B)), provides for responsive, reasonably priced services as part of the travel process, and uniformly applies the travel process throughout the Department; and

“(B) provides for the performance by employees of the Department of only those travel functions, such as travel authorization, that the Secretary considers to be necessary to be performed by such employees.

“(3) Each test required by this subsection shall begin not later than 60 days after the date of the enactment of this Act [Feb. 10, 1996] and end two years after the date on which it began. Each such test shall also be conducted in accordance with the guidelines for travel management issued for the Department by the Under Secretary of Defense (Comptroller).

“(c) EVALUATION CRITERIA.—The Secretary shall establish criteria to evaluate the travel processes tested under subsection (b). The criteria shall, at a minimum, include the extent to which a travel process provides for the following:

“(1) The coordination, at the time of a travel reservation, of travel policy and cost estimates with the mission which necessitates the travel.

“(2) The use of fully integrated travel solutions envisioned by the travel reengineering report of the Department of Defense dated January 1995.

“(3) The coordination of credit card data and travel reservation data with cost estimate data.

“(4) The elimination of the need for multiple travel approvals through the coordination of such data with proposed travel plans.

“(5) A responsive and flexible management information system that enables the Under Secretary of Defense (Comptroller) to monitor travel expenses throughout the year, accurately plan travel budgets for future years, and assess, in the case of travel of an employee on temporary duty, the relationship between the cost of the travel and the value of the travel to the accomplishment of the mission which necessitates the travel.

“(d) PLAN FOR PROGRAM.—Before conducting the program, the Secretary shall develop a plan for the program that addresses the following:

“(1) The purposes of the program, including the achievement of an objective of reducing by at least 50 percent the total cost incurred by the Department annually to manage the Department of Defense travel process.

“(2) The methodology and anticipated cost of the program, including the cost of an arrangement pursuant to which a private-sector source would receive an agreed-upon payment plus an additional negotiated amount that does not exceed 50 percent of the total amount saved in excess of the objective specified in paragraph (1).

“(3) A specific citation to any provision of law, rule, or regulation that, if not waived, would prohibit the conduct of the program or any part of the program.

“(4) The evaluation criteria established pursuant to subsection (c).

“(5) A provision for implementing throughout the Department the travel process determined to be the better option to effectively manage travel of Department personnel on the basis of a final assessment of the results of the program.

“(e) REPORT.—After the first full year of the conduct of the tests required by subsection (b), the Secretary shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report on the implementation of the program. The report shall include an analysis of the evaluation criteria established pursuant to subsection (c).”

INCREASED RELIANCE ON PRIVATE-SECTOR SOURCES FOR COMMERCIAL PRODUCTS AND SERVICES

Section 357 of Pub. L. 104-106 provided that:

“(a) IN GENERAL.—The Secretary of Defense shall endeavor to carry out through a private-sector source any activity to provide a commercial product or service for the Department of Defense if—

“(1) the product or service can be provided adequately through such a source; and

“(2) an adequate competitive environment exists to provide for economical performance of the activity by such a source.

“(b) APPLICABILITY.—(1) Subsection (a) shall not apply to any commercial product or service with respect to which the Secretary determines that production, manufacture, or provision of that product or service by the Government is necessary for reasons of national security.

“(2) A determination under paragraph (1) shall be made in accordance with regulations prescribed under subsection (c).

“(c) REGULATIONS.—The Secretary shall prescribe regulations to carry out this section. Such regulations shall be prescribed in consultation with the Director of the Office of Management and Budget.

“(d) REPORT.—(1) The Secretary shall identify activities of the Department (other than activities specified by the Secretary pursuant to subsection (b)) that are carried out by employees of the Department to provide commercial-type products or services for the Department.

“(2) Not later than April 15, 1996, the Secretary shall transmit to the congressional defense committees [Committees on Armed Services and on Appropriations of the Senate and Committees on National Security and Appropriations of the House of Representatives] a report on opportunities for increased use of private-sector sources to provide commercial products and services for the Department.

“(3) The report required by paragraph (2) shall include the following:

“(A) A list of activities identified under paragraph (1) indicating, for each activity, whether the Secretary proposes to convert the performance of that activity to performance by private-sector sources and, if not, the reasons why.

“(B) An assessment of the advantages and disadvantages of using private-sector sources, rather than employees of the Department, to provide commercial products and services for the Department that are not essential to the warfighting mission of the Armed Forces.

“(C) A specification of all legislative and regulatory impediments to converting the performance of activities identified under paragraph (1) to performance by private-sector sources.

“(D) The views of the Secretary on the desirability of terminating the applicability of OMB Circular A-76 to the Department.

“(4) The Secretary shall carry out paragraph (1) in consultation with the Director of the Office of Management and Budget and the Comptroller General of the United States. In carrying out that paragraph, the Secretary shall consult with, and seek the views of, representatives of the private sector, including organizations representing small businesses.”

§ 2461a. Development and implementation of system for monitoring cost saving resulting from public-private competitions

(a) SYSTEM FOR MONITORING PERFORMANCE.—

(1) The Secretary of Defense shall monitor the performance, including the cost of performance, of each function of the Department of Defense that, after October 30, 2000, is the subject of a public-private competition conducted under section 2461 of this title.

(2) In carrying out paragraph (1), the Secretary shall—

(A) compare the cost of performing the function before the public-private competition to

the cost of performing the function after the implementation of the results of the public-private competition; and

(B) identify any actual savings of the Department of Defense after the implementation of the results of the public-private competition and compare such savings to the estimated savings identified pursuant to section 2461(a)(1)(E) of this title for that public-private competition;

(3) The monitoring of a function shall continue under this section for at least five years after the conversion, reorganization, or re-engineering of the function pursuant to such a public-private competition.

(b) CONSIDERATION IN PREPARATION OF FUTURE-YEARS DEFENSE PROGRAM.—In preparing the future-years defense program under section 221 of this title, the Secretary of Defense shall, for the fiscal years covered by the program, estimate and take into account the costs to be incurred and the savings to be derived from the performance of functions by workforces selected in public-private competitions conducted under section 2461 of this title. The Secretary shall consider the results of the monitoring under this section in making the estimates.

(Added Pub. L. 106-398, § 1 [div. A], title III, § 354(a), Oct. 30, 2000, 114 Stat. 1654, 1654A-73; amended Pub. L. 107-107, div. A, title X, § 1048(a)(21), (c)(11), Dec. 28, 2001, 115 Stat. 1224, 1226; Pub. L. 109-163, div. A, title III, § 341(d), (g)(2)(C), Jan. 6, 2006, 119 Stat. 3199, 3200.)

AMENDMENTS

2006—Pub. L. 109-163, § 341(g)(2)(C), substituted “Development and implementation of system for monitoring cost saving resulting from public-private competitions” for “Development of system for monitoring cost savings resulting from workforce reductions” in section catchline.

Subsec. (a). Pub. L. 109-163, § 341(d)(1), (2), redesignated subsec. (b) as (a) and struck out former subsec. (a) which defined “workforce review”.

Subsec. (a)(1). Pub. L. 109-163, § 341(d)(3)(A), substituted “monitor” for “establish a system for monitoring” and “a public-private competition conducted under section 2461 of this title” for “a workforce review”.

Subsec. (a)(2). Pub. L. 109-163, § 341(d)(3)(B), added par. (2) and struck out former par. (2) which established requirements for the monitoring system.

Subsec. (a)(3). Pub. L. 109-163, § 341(d)(3)(C), inserted “pursuant to such a public-private competition” after “reengineering of the function”.

Subsec. (b). Pub. L. 109-163, § 341(d)(4), substituted “public-private competitions conducted under section 2461 of this title” for “workforce reviews”.

Pub. L. 109-163, § 341(d)(2), redesignated subsec. (e) as (b). Former subsec. (b) redesignated (a).

Subsecs. (c) to (e). Pub. L. 109-163, § 341(d)(1), (2), redesignated subsec. (e) as (b) and struck out former subsecs. (c) and (d) which related to waiver for certain workforce reviews and annual report, respectively.

2001—Subsec. (a)(2). Pub. L. 107-107, § 1048(a)(21), substituted “efficiency” for “efficiency”.

Subsec. (b)(1). Pub. L. 107-107, § 1048(c)(11), substituted “October 30, 2000,” for “the date of the enactment of this section.”

§ 2462. Reports on public-private competition

(a) REPORT ON PUBLIC-PRIVATE COMPETITION RESULTS.—(1) Upon the completion of a public-private competition under section 2461 of this

title, the Secretary of Defense shall submit to Congress a report containing the results of the public-private competition required by subsection (a) of such section.

(2) Each report under this subsection shall include the following:

(A) The date on which the public-private competition was commenced.

(B) The number of Department of Defense civilian employees who were performing the function when the public-private competition was commenced and the number of such employees whose employment was or will be terminated or otherwise affected by converting to performance of the function by a contractor or by implementation of the most efficient organization of the function.

(C) The Secretary’s certification that the Government’s calculation of the cost of performance of the function by Department of Defense civilian employees is based on an estimate of the most cost effective manner for performance of the function by Department of Defense civilian employees that meets the needs of the Department with respect to factors other than cost, including quality and reliability.

(D) The Secretary’s certification that the public-private competition did not include any predetermined personnel constraint or limitation in terms of man years, end strength, full-time equivalent positions, or maximum number of employees.

(E) The Secretary’s certification that the entire public-private competition is available for examination.

(F) In the case of a function performed at a Center of Industrial and Technical Excellence designated under section 2474(a) of this title or an Army ammunition plant, a description of the effect that the manner of performance of the function, and administration of the resulting contract if any, will have on the overhead costs of the center or ammunition plant, as the case may be.

(G) A schedule for implementing the results of the public-private competition.

(3)(A) No decision made on the basis of a public-private competition under section 2461 of this title may be implemented until after the submission of a report under paragraph (1).

(B) Notwithstanding subparagraph (A), in the case of function performed at a Center of Industrial and Technical Excellence designated under section 2474(a) of this title or an Army ammunition plant, the conversion of the function to performance by a contractor may not begin until at least 60 days after the submission of a report under paragraph (1).

(b) ANNUAL REPORT.—Not later than June 30 of each year, the Secretary of Defense shall submit to Congress a written report, which shall include the following:

(1) An estimate of the percentage of functions (other than functions that are inherently governmental) that Department of Defense civilian employees will perform and an estimate of the percentage of such functions that contractors will perform during the fiscal year during which the report is submitted.

(2) The results of public-private competitions conducted under section 2461 of this title

that were completed during the preceding fiscal year, including each of the following:

(A) The number of such competitions completed during such fiscal year and the number of Department of Defense civilian employees performing functions for which such a competition was conducted.

(B) The percentage of such competitions that resulted in the continued performance of a function by Department of Defense civilian employees.

(C) The percentage of such competitions that resulted in the conversion of a function to performance by a contractor.

(D) The percentage of the Department of Defense civilian employees identified pursuant to subparagraph (A) whose positions will be converted to performance by contractors or eliminated as a result of implementing the results of such competitions.

(3) The results of monitoring the performance of Department functions under section 2461a of this title, including for each function subject to monitoring, each of the following:

(A) The cost of the public-private competition conducted under section 2461 of this title.

(B) The cost of performing the function before such competition compared to the costs incurred after implementing the conversion, reorganization, or reengineering actions recommended pursuant to the competition.

(C) The actual savings derived from the implementation of the recommendations made pursuant to such competition, if any, compared to the anticipated savings that were to result from the conversion, reorganization, or reengineering actions.

(Added Pub. L. 100-370, §2(a)(1), July 19, 1988, 102 Stat. 853; amended Pub. L. 109-163, div. A, title III, §341(c)(1), Jan. 6, 2006, 119 Stat. 3197.)

HISTORICAL AND REVISION NOTES

Section is based on Pub. L. 99-661, div. A, title XII, §1223, Nov. 14, 1986, 100 Stat. 3977.

AMENDMENTS

2006—Pub. L. 109-163, amended section catchline and text generally. Prior to amendment, section required the Secretary of Defense to contract for certain supplies and services when cost was lower than cost at which Department of Defense could provide same.

§ 2463. Guidelines and procedures for use of civilian employees to perform Department of Defense functions

(a) GUIDELINES REQUIRED.—(1) The Under Secretary of Defense for Personnel and Readiness shall devise and implement guidelines and procedures to ensure that consideration is given to using, on a regular basis, Department of Defense civilian employees to perform new functions and functions that are performed by contractors and could be performed by Department of Defense civilian employees. The Secretary of a military department may prescribe supplemental regulations, if the Secretary determines such regulations are necessary for implementing such guidelines within that military department.

(2) The guidelines and procedures required under paragraph (1) may not include any specific

limitation or restriction on the number of functions or activities that may be converted to performance by Department of Defense civilian employees.

(b) SPECIAL CONSIDERATION FOR CERTAIN FUNCTIONS.—The guidelines and procedures required under subsection (a) shall provide for special consideration to be given to using Department of Defense civilian employees to perform any function that—

(1) is performed by a contractor and—

(A) has been performed by Department of Defense civilian employees at any time during the previous 10 years;

(B) is a function closely associated with the performance of an inherently governmental function;

(C) has been performed pursuant to a contract awarded on a non-competitive basis; or

(D) has been performed poorly, as determined by a contracting officer during the 5-year period preceding the date of such determination, because of excessive costs or inferior quality; or

(2) is a new requirement, with particular emphasis given to a new requirement that is similar to a function previously performed by Department of Defense civilian employees or is a function closely associated with the performance of an inherently governmental function.

(c) EXCLUSION OF CERTAIN FUNCTIONS FROM COMPETITIONS.—The Secretary of Defense may not conduct a public-private competition under this chapter, Office of Management and Budget Circular A-76, or any other provision of law or regulation before—

(1) in the case of a new Department of Defense function, assigning the performance of the function to Department of Defense civilian employees;

(2) in the case of any Department of Defense function described in subsection (b), converting the function to performance by Department of Defense civilian employees; or

(3) in the case of a Department of Defense function performed by Department of Defense civilian employees, expanding the scope of the function.

(d) USE OF FLEXIBLE HIRING AUTHORITY.—(1) The Secretary of Defense may use the flexible hiring authority available to the Secretary pursuant to section 9902 of title 5, to facilitate the performance by Department of Defense civilian employees of functions described in subsection (b).

(2) The Secretary shall make use of the inventory required by section 2330a(c) of this title for the purpose of identifying functions that should be considered for performance by Department of Defense civilian employees pursuant to subsection (b).

(e) DEFINITIONS.—In this section the term “functions closely associated with inherently governmental functions” has the meaning given that term in section 2383(b)(3) of this title.

(Added Pub. L. 110-181, div. A, title III, §324(a)(1), Jan. 28, 2008, 122 Stat. 60; amended Pub. L. 111-383, div. A, title III, §353, Jan. 7, 2011, 124 Stat. 4194.)

PRIOR PROVISIONS

Provisions similar to those in this section were contained in Pub. L. 109-163, div. A, title III, §343, Jan. 6, 2006, 119 Stat. 3200, which was set out as a note under section 2461 of this title, prior to repeal by Pub. L. 110-181, div. A, title III, §324(c), Jan. 28, 2008, 122 Stat. 61.

A prior section 2463, added Pub. L. 100-370, §2(a)(1), July 19, 1988, 102 Stat. 853; amended Pub. L. 101-189, div. A, title XVI, §1622(c)(7), Nov. 29, 1989, 103 Stat. 1604; Pub. L. 101-510, div. A, title XIII, §1301(14), Nov. 5, 1990, 104 Stat. 1668; Pub. L. 105-85, div. A, title III, §385(a), Nov. 18, 1997, 111 Stat. 1712, related to collection and retention of cost information data on the conversion of services and functions of the Department of Defense to or from contractor performance, prior to repeal by Pub. L. 109-163, div. A, title III, §341(f), Jan. 6, 2006, 119 Stat. 3199.

AMENDMENTS

2011—Subsec. (d)(1). Pub. L. 111-383 struck out “under the National Security Personnel System, as established” before “pursuant to section 9902 of title 5”.

PROHIBITION ON ESTABLISHING GOALS OR QUOTAS FOR CONVERSION OF FUNCTIONS TO PERFORMANCE BY DEPARTMENT OF DEFENSE CIVILIAN EMPLOYEES

Pub. L. 111-383, div. A, title III, §323, Jan. 7, 2011, 124 Stat. 4184, provided that:

“(a) PROHIBITION.—The Secretary of Defense may not establish, apply, or enforce any numerical goal, target, or quota for the conversion of Department of Defense functions to performance by Department of Defense civilian employees, unless such goal, target, or quota is based on considered research and analysis, as required by section 235, 2330a, or 2463 of title 10, United States Code.

“(b) DECISIONS TO INSOURCE.—In deciding which functions should be converted to performance by Department of Defense civilian employees pursuant to section 2463 of title 10, United States Code, the Secretary of Defense shall use the costing methodology outlined in the Directive-Type Memorandum 09-007 (Estimating and Comparing the Full Costs of Civilian and Military Manpower and Contractor Support) or any successor guidance for the determination of costs when costs are the sole basis for the decision. The Secretary of a military department may issue supplemental guidance to assist in such decisions affecting functions of that military department.

“(c) REPORTS.—

“(1) REPORT TO CONGRESS.—Not later than March 31, 2011, the Secretary of Defense shall submit to the congressional defense committees [Committees on Armed Services and Appropriations of the Senate and the House of Representatives] a report on the decisions with respect to the conversion of functions to performance by Department of Defense civilian employees made during fiscal year 2010. Such report shall identify, for each such decision—

“(A) the agency or service of the Department involved in the decision;

“(B) the basis and rationale for the decision; and

“(C) the number of contractor employees whose functions were converted to performance by Department of Defense civilian employees.

“(2) COMPTROLLER GENERAL REVIEW.—Not later than 120 days after the submittal of the report under paragraph (1), the Comptroller General of the United States shall submit to the congressional defense committees an assessment of the report.

“(d) CONSTRUCTION.—Nothing in this section shall be construed—

“(1) to preclude the Secretary of Defense from establishing, applying, and enforcing goals for the conversion of acquisition functions and other critical functions to performance by Department of Defense civilian employees, where such goals are based on considered research and analysis; or

“(2) to require the Secretary of Defense to conduct a cost comparison before making a decision to convert any acquisition function or other critical function to performance by Department of Defense civilian employees, where factors other than cost serve as a basis for the Secretary’s decision.”

DEADLINE FOR ISSUANCE OF GUIDELINES AND PROCEDURES

Pub. L. 110-181, div. A, title III, §324(a)(3), Jan. 28, 2008, 122 Stat. 61, provided that: “The Secretary of Defense shall implement the guidelines and procedures required under section 2463 of title 10, United States Code, as added by paragraph (1), by not later than 60 days after the date of the enactment of this Act [Jan. 28, 2008].”

§ 2464. Core logistics capabilities

(a) NECESSITY FOR CORE LOGISTICS CAPABILITIES.—(1) It is essential for the national defense that the Department of Defense maintain a core logistics capability that is Government-owned and Government-operated (including Government personnel and Government-owned and Government-operated equipment and facilities) to ensure a ready and controlled source of technical competence and resources necessary to ensure effective and timely response to a mobilization, national defense contingency situations, and other emergency requirements.

(2) The Secretary of Defense shall identify the core logistics capabilities described in paragraph (1) and the workload required to maintain those capabilities.

(3) The core logistics capabilities identified under paragraphs (1) and (2) shall include those capabilities that are necessary to maintain and repair the weapon systems and other military equipment (including mission-essential weapon systems or materiel not later than four years after achieving initial operational capability, but excluding systems and equipment under special access programs, nuclear aircraft carriers, and commercial items described in paragraph (5)) that are identified by the Secretary, in consultation with the Chairman of the Joint Chiefs of Staff, as necessary to enable the armed forces to fulfill the strategic and contingency plans prepared by the Chairman of the Joint Chiefs of Staff under section 153(a) of this title.

(4) The Secretary of Defense shall require the performance of core logistics workloads necessary to maintain the core logistics capabilities identified under paragraphs (1), (2), and (3) at Government-owned, Government-operated facilities of the Department of Defense (including Government-owned, Government-operated facilities of a military department) and shall assign such facilities sufficient workload to ensure cost efficiency and technical competence in peacetime while preserving the surge capacity and reconstitution capabilities necessary to support fully the strategic and contingency plans referred to in paragraph (3).

(5) The commercial items covered by paragraph (3) are commercial items that have been sold or leased in substantial quantities to the general public and are purchased without modification in the same form that they are sold in the commercial marketplace, or with minor modifications to meet Federal Government requirements.

(b) LIMITATION ON CONTRACTING.—(1) Except as provided in paragraph (2), performance of workload needed to maintain a logistics capability identified by the Secretary under subsection (a)(2) may not be contracted for performance by non-Government personnel under the procedures and requirements of Office of Management and Budget Circular A-76 or any successor administrative regulation or policy (hereinafter in this section referred to as OMB Circular A-76).

(2) The Secretary of Defense may waive paragraph (1) in the case of any such logistics capability and provide that performance of the workload needed to maintain that capability shall be considered for conversion to contractor performance in accordance with OMB Circular A-76. Any such waiver shall be made under regulations prescribed by the Secretary and shall be based on a determination by the Secretary that Government performance of the workload is no longer required for national defense reasons. Such regulations shall include criteria for determining whether Government performance of any such workload is no longer required for national defense reasons.

(3)(A) A waiver under paragraph (2) may not take effect until the expiration of the first period of 30 days of continuous session of Congress that begins on or after the date on which the Secretary submits a report on the waiver to the Committee on Armed Services and the Committee on Appropriations of the Senate and the Committee on Armed Services and the Committee on Appropriations of the House of Representatives.

(B) For the purposes of subparagraph (A)—

(i) continuity of session is broken only by an adjournment of Congress sine die; and

(ii) the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of any period of time in which Congress is in continuous session.

(c) NOTIFICATION OF DETERMINATIONS REGARDING CERTAIN COMMERCIAL ITEMS.—The first time that a weapon system or other item of military equipment described in subsection (a)(3) is determined to be a commercial item for the purposes of the exception contained in that subsection, the Secretary of Defense shall submit to Congress a notification of the determination, together with the justification for the determination. The justification for the determination shall include, at a minimum, the following:

(1) The estimated percentage of commonality of parts of the version of the item that is sold or leased in the commercial marketplace and the Government's version of the item.

(2) The value of any unique support and test equipment and tools that are necessary to support the military requirements if the item were maintained by the Government.

(3) A comparison of the estimated life cycle logistics support costs that would be incurred by the Government if the item were maintained by the private sector with the estimated life cycle logistics support costs that would be incurred by the Government if the item were maintained by the Government.

(Added Pub. L. 100-370, §2(a)(1), July 19, 1988, 102 Stat. 853; amended Pub. L. 101-189, div. A, title

XVI, §1622(c)(7), Nov. 29, 1989, 103 Stat. 1604; Pub. L. 104-106, div. A, title III, §314, Feb. 10, 1996, 110 Stat. 251; Pub. L. 105-85, div. A, title III, §356(a), Nov. 18, 1997, 111 Stat. 1694; Pub. L. 105-261, div. A, title III, §343(a), Oct. 17, 1998, 112 Stat. 1976; Pub. L. 106-65, div. A, title X, §1067(1), Oct. 5, 1999, 113 Stat. 774.)

HISTORICAL AND REVISION NOTES

Section is based on Pub. L. 98-525, title III, §307, Oct. 19, 1984, 98 Stat. 2514, as amended by Pub. L. 99-145, title XII, §1231(f), Nov. 8, 1985, 99 Stat. 733.

AMENDMENTS

1999—Subsec. (b)(3)(A). Pub. L. 106-65 substituted “and the Committee on Armed Services” for “and the Committee on National Security”.

1998—Subsec. (c). Pub. L. 105-261 added subsec. (c).

1997—Pub. L. 105-85 substituted “capabilities” for “functions” in section catchline and amended text generally. Prior to amendment, text related to necessity for core logistics capabilities and restricted contracting out of certain logistics activities and functions of the Department of Defense to non-Government personnel.

1996—Subsec. (b)(3), (4). Pub. L. 104-106 added par. (3) and struck out former pars. (3) and (4) which read as follows:

“(3) A waiver under paragraph (2) may not take effect until—

“(A) the Secretary submits a report on the waiver to the Committees on Armed Services and the Committees on Appropriations of the Senate and House of Representatives; and

“(B) a period of 20 days of continuous session of Congress or 40 calendar days has passed after the receipt of the report by those committees.

“(4) For purposes of paragraph (3)(B), the continuity of a session of Congress is broken only by an adjournment sine die, and the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of such 20-day period.”

1989—Subsec. (b)(3)(A). Pub. L. 101-189 substituted “Committees on Appropriations” for “Committee on Appropriations”.

EFFECTIVE DATE OF 1998 AMENDMENT

Pub. L. 105-261, div. A, title III, §343(b), Oct. 17, 1998, 112 Stat. 1976, provided that: “Subsection (c) of section 2464 of title 10, United States Code (as added by subsection (a)), shall apply with respect to determinations made after the date of the enactment of this Act [Oct. 17, 1998].”

CONDITIONS ON EXPANSION OF FUNCTIONS PERFORMED UNDER PRIME VENDOR CONTRACTS FOR DEPOT-LEVEL MAINTENANCE AND REPAIR

Pub. L. 105-261, div. A, title III, §346, Oct. 17, 1998, 112 Stat. 1979, as amended by Pub. L. 106-65, div. A, title III, §336, Oct. 5, 1999, 113 Stat. 568, prohibited the Secretary of Defense or of a military department from entering into a prime vendor contract for depot-level maintenance and repair of certain military equipment before completing reporting requirements, prior to repeal by Pub. L. 111-383, div. A, title III, §322, Jan. 7, 2011, 124 Stat. 4184.

POLICY REGARDING PERFORMANCE OF DEPOT-LEVEL MAINTENANCE AND REPAIR FOR DEPARTMENT OF DEFENSE

Pub. L. 104-106, div. A, title III, §311, Feb. 10, 1996, 110 Stat. 246, as amended by Pub. L. 105-85, div. A, title III, §363, Nov. 18, 1997, 111 Stat. 1702, required the Secretary of Defense, not later than Mar. 31, 1996, to develop and submit to Congress a comprehensive policy on the performance of depot-level maintenance and repair for the Department of Defense that maintains the capability

described in this section and to submit to Congress a report on the depot-level maintenance and repair workload of the Department of Defense and required the Comptroller General to transmit to Congress reports containing a detailed analysis of the Secretary's proposed policy and report.

§ 2465. Prohibition on contracts for performance of firefighting or security-guard functions

(a) Except as provided in subsection (b), funds appropriated to the Department of Defense may not be obligated or expended for the purpose of entering into a contract for the performance of firefighting or security-guard functions at any military installation or facility.

(b) The prohibition in subsection (a) does not apply to the following contracts:

(1) A contract to be carried out at a location outside the United States (including its commonwealths, territories, and possessions) at which members of the armed forces would have to be used for the performance of a function described in subsection (a) at the expense of unit readiness.

(2) A contract to be carried out on a Government-owned but privately operated installation.

(3) A contract (or the renewal of a contract) for the performance of a function under contract on September 24, 1983.

(4) A contract for the performance of firefighting functions if the contract is—

(A) for a period of one year or less; and

(B) covers only the performance of firefighting functions that, in the absence of the contract, would have to be performed by members of the armed forces who are not readily available to perform such functions by reason of a deployment.

(Added Pub. L. 99-661, div. A, title XII, § 1222(a)(1), Nov. 14, 1986, 100 Stat. 3976, § 2693; amended Pub. L. 100-180, div. A, title XI, § 1112(a)-(b)(2), Dec. 4, 1987, 101 Stat. 1147; renumbered § 2465, Pub. L. 100-370, § 2(b)(1), July 19, 1988, 102 Stat. 854; Pub. L. 104-106, div. A, title XV, § 1503(a)(25), Feb. 10, 1996, 110 Stat. 512; Pub. L. 108-136, div. A, title III, § 331, Nov. 24, 2003, 117 Stat. 1442.)

AMENDMENTS

2003—Subsec. (b). Pub. L. 108-136 substituted “apply to the following contracts:” for “apply—” in introductory provisions, “A” for “to a” at beginning of pars. (1) to (3), period for semicolon at end of par. (1), and period for “; or” at end of par. (2), and added par. (4).

1996—Subsec. (b)(3). Pub. L. 104-106 substituted “under contract on September 24, 1983” for “under contract or September 24, 1983”.

1988—Pub. L. 100-370 renumbered section 2693 of this title as this section.

1987—Pub. L. 100-180 inserted “or security-guard” before “functions” in section catchline and subsec. (a), and substituted “a function” for “the function” in subsec. (b)(1).

TEMPORARY AUTHORITY TO CONTRACT WITH LOCAL AND STATE GOVERNMENTS FOR PERFORMANCE OF SECURITY FUNCTIONS AT UNITED STATES MILITARY INSTALLATIONS

Pub. L. 107-56, title X, § 1010, Oct. 26, 2001, 115 Stat. 395, provided that:

“(a) IN GENERAL.—Notwithstanding section 2465 of title 10, United States Code, during the period of time

that United States armed forces are engaged in Operation Enduring Freedom, and for the period of 180 days thereafter, funds appropriated to the Department of Defense may be obligated and expended for the purpose of entering into contracts or other agreements for the performance of security functions at any military installation or facility in the United States with a proximately located local or State government, or combination of such governments, whether or not any such government is obligated to provide such services to the general public without compensation.

“(b) TRAINING.—Any contract or agreement entered into under this section shall prescribe standards for the training and other qualifications of local government law enforcement personnel who perform security functions under this section in accordance with criteria established by the Secretary of the service concerned.

“(c) REPORT.—One year after the date of enactment of this section [Oct. 26, 2001], the Secretary of Defense shall submit a report to the Committees on Armed Services of the Senate and the House of Representatives describing the use of the authority granted under this section and the use by the Department of Defense of other means to improve the performance of security functions on military installations and facilities located within the United States.”

PERFORMANCE OF EMERGENCY RESPONSE FUNCTIONS AT CHEMICAL WEAPONS STORAGE INSTALLATIONS

Pub. L. 106-398, § 1 [[div. A], title III, § 355], Oct. 30, 2000, 114 Stat. 1654, 1654A-75, provided that:

“(a) RESTRICTION ON CONVERSION.—The Secretary of the Army may not convert to contractor performance the emergency response functions of any chemical weapons storage installation that, as of the date of the enactment of this Act [Oct. 30, 2000], are performed for that installation by employees of the United States until the certification required by subsection (c) has been submitted in accordance with that subsection.

“(b) COVERED INSTALLATIONS.—For the purposes of this section, a chemical weapons storage installation is any installation of the Department of Defense on which lethal chemical agents or munitions are stored.

“(c) CERTIFICATION REQUIREMENT.—The Secretary of the Army shall certify in writing to the Committee on Armed Services of the Senate and the Committee on Armed Services of the House of Representatives that, to ensure that there will be no lapse of capability to perform the chemical weapon emergency response mission at a chemical weapons storage installation during any transition to contractor performance of those functions at the installation, the plan for conversion of the performance of those functions—

“(1) is consistent with the recommendation contained in General Accounting Office [now Government Accountability Office] Report NSIAD-00-88, entitled ‘DoD Competitive Sourcing’, dated March 2000;

“(2) provides for a transition to contractor performance of emergency response functions which ensures an adequate transfer of the relevant knowledge and expertise regarding chemical weapon emergency response to the contractor personnel; and

“(3) complies with section 2465 of title 10, United States Code.”

§ 2466. Limitations on the performance of depot-level maintenance of materiel

(a) PERCENTAGE LIMITATION.—Not more than 50 percent of the funds made available in a fiscal year to a military department or a Defense Agency for depot-level maintenance and repair workload may be used to contract for the performance by non-Federal Government personnel of such workload for the military department or the Defense Agency. Any such funds that are not used for such a contract shall be used for the performance of depot-level maintenance and repair workload by employees of the Department of Defense.

(b) WAIVER OF LIMITATION.—The Secretary of Defense may waive the limitation in subsection (a) for a fiscal year if—

(1) the Secretary determines that the waiver is necessary for reasons of national security; and

(2) the Secretary submits to Congress a notification of the waiver together with the reasons for the waiver.

(c) PROHIBITION ON DELEGATION OF WAIVER AUTHORITY.—The authority to grant a waiver under subsection (b) may not be delegated.

(d) ANNUAL REPORT.—(1) Not later than 90 days after the date on which the budget of the President for a fiscal year is submitted to Congress pursuant to section 1105 of title 31, the Secretary of Defense shall submit to Congress a report identifying, for each of the armed forces (other than the Coast Guard) and each Defense Agency, the percentage of the funds referred to in subsection (a) that was expended during the preceding fiscal year, and are projected to be expended during the current fiscal year and the ensuing fiscal year, for performance of depot-level maintenance and repair workloads by the public and private sectors.

(2) Each report required under paragraph (1) shall include as a separate item any expenditure covered by section 2474(f) of this title that was made during the fiscal year covered by the report and shall specify the amount and nature of each such expenditure.

(Added Pub. L. 100-456, div. A, title III, § 326(a), Sept. 29, 1988, 102 Stat. 1955; amended Pub. L. 101-189, div. A, title III, § 313, Nov. 29, 1989, 103 Stat. 1412; Pub. L. 102-190, div. A, title III, § 314(a)(1), Dec. 5, 1991, 105 Stat. 1336; Pub. L. 102-484, div. A, title III, § 352(a)-(c), Oct. 23, 1992, 106 Stat. 2378; Pub. L. 103-337, div. A, title III, § 332, Oct. 5, 1994, 108 Stat. 2715; Pub. L. 104-106, div. A, title III, §§ 311(f)(1), 312(b), Feb. 10, 1996, 110 Stat. 248, 250; Pub. L. 105-85, div. A, title III, §§ 357, 358, 363, Nov. 18, 1997, 111 Stat. 1695, 1702; Pub. L. 106-65, div. A, title III, § 333, Oct. 5, 1999, 113 Stat. 567; Pub. L. 107-107, div. A, title III, § 341, Dec. 28, 2001, 115 Stat. 1060; Pub. L. 108-136, div. A, title III, § 332, Nov. 24, 2003, 117 Stat. 1442; Pub. L. 108-375, div. A, title III, § 321, Oct. 28, 2004, 118 Stat. 1845; Pub. L. 109-364, div. A, title III, § 331(b), Oct. 17, 2006, 120 Stat. 2149; Pub. L. 111-84, div. A, title III, § 329, Oct. 28, 2009, 123 Stat. 2256.)

AMENDMENTS

2009—Subsec. (d)(1). Pub. L. 111-84 substituted “90 days after the date on which the budget of the President for a fiscal year is submitted to Congress pursuant to section 1105 of title 31” for “April 1 of each year”.

2006—Subsec. (d). Pub. L. 109-364, § 331(b)(2), struck out “and Review” after “Annual Report” in heading.

Subsec. (d)(2). Pub. L. 109-364, § 331(b)(1), amended par. (2) generally. Prior to amendment, par. (2) read as follows: “Not later than 90 days after the date on which the Secretary submits a report under paragraph (1), the Comptroller General shall submit to Congress the Comptroller General’s views on whether—

“(A) the Department of Defense complied with the requirements of subsection (a) during the preceding fiscal year covered by the report; and

“(B) the expenditure projections for the current fiscal year and the ensuing fiscal year are reasonable.”

2004—Subsec. (d). Pub. L. 108-375 amended heading and text of subsec. (d) generally. Prior to amendment, text read as follows:

“(1) Not later than February 1 of each year, the Secretary of Defense shall submit to Congress a report identifying, for each of the armed forces (other than the Coast Guard) and each Defense Agency, the percentage of the funds referred to in subsection (a) that were expended during the preceding two fiscal years for performance of depot-level maintenance and repair workloads by the public and private sectors, as required by this section.

“(2) Not later than April 1 of each year, the Secretary of Defense shall submit to Congress a report identifying, for each of the armed forces (other than the Coast Guard) and each Defense Agency, the percentage of the funds referred to in subsection (a) that are projected to be expended during each of the next five fiscal years for performance of depot-level maintenance and repair workloads by the public and private sectors, as required by this section.

“(3) Not later than 60 days after the date on which the Secretary submits a report under this subsection, the Comptroller General shall submit to Congress the Comptroller General’s views on whether—

“(A) in the case of a report under paragraph (1), the Department of Defense has complied with the requirements of subsection (a) for the fiscal years covered by the report; and

“(B) in the case of a report under paragraph (2), the expenditure projections for future fiscal years are reasonable.”

2003—Subsecs. (d), (e). Pub. L. 108-136 redesignated subsec. (e) as (d) and struck out heading and text of former subsec. (d). Text read as follows: “Subsection (a) shall not apply with respect to the Sacramento Army Depot, Sacramento, California.”

2001—Subsecs. (b), (c). Pub. L. 107-107 added subsecs. (b) and (c) and struck out heading and text of former subsec. (c). Text read as follows: “The Secretary of the military department concerned and, with respect to a Defense Agency, the Secretary of Defense may waive the applicability of subsection (a) for a fiscal year, to a particular workload, or to a particular depot-level activity if the Secretary determines that the waiver is necessary for reasons of national security and notifies Congress regarding the reasons for the waiver.”

1999—Subsec. (e). Pub. L. 106-65 amended heading and text of subsec. (e) generally. Text read as follows:

“(1) Not later than February 1 of each year, the Secretary of Defense shall submit to Congress a report identifying, for each military department and Defense Agency, the percentage of the funds referred to in subsection (a) that were expended during the preceding fiscal year for performance of depot-level maintenance and repair workloads by the public and private sectors as required by section 2466 of this title.

“(2) Not later than 90 days after the date on which the Secretary submits the annual report under paragraph (1), the Comptroller General shall submit to Congress the Comptroller General’s views on whether the Department of Defense has complied with the requirements of subsection (a) for the fiscal year covered by the report.”

1997—Pub. L. 105-85, § 363, repealed Pub. L. 104-106, § 311(f)(1). See 1996 Amendment note below.

Subsec. (a). Pub. L. 105-85, § 357, substituted “50 percent” for “40 percent”.

Subsec. (e). Pub. L. 105-85, § 358, reenacted heading without change and amended text generally. Prior to amendment, text read as follows: “Not later than January 15, 1995, the Secretary of Defense shall submit to Congress a report identifying, for each military department and Defense Agency, the percentage of funds referred to in subsection (a) that was used during fiscal year 1994 to contract for the performance by non-Federal Government personnel of depot-level maintenance and repair workload.”

1996—Pub. L. 104-106, § 311(f)(1), which directed repeal of this section, was repealed by Pub. L. 105-85, § 363.

Subsec. (b). Pub. L. 104-106, § 312(b), redesignated subsec. (b) as section 2472(a) of this title.

1994—Subsec. (a). Pub. L. 103-337, § 332(a), amended heading and text of subsec. (a) generally. Prior to amendment, text read as follows:

“(1) Except as provided in paragraph (2), the Secretary of a military department and, with respect to a Defense Agency, the Secretary of Defense, may not contract for the performance by non-Federal Government personnel of more than 40 percent of the depot-level maintenance workload for the military department or the Defense Agency.

“(2) The Secretary of the Army shall provide for the performance by employees of the Department of Defense of not less than the following percentages of Army aviation depot-level maintenance workload:

“(A) For fiscal year 1993, 50 percent.

“(B) For fiscal year 1994, 55 percent.

“(C) For fiscal year 1995, 60 percent.”

Subsec. (b). Pub. L. 103-337, §332(b), inserted “and repair” after “maintenance” in two places.

Subsec. (e). Pub. L. 103-337, §332(c), amended heading and text of subsec. (e) generally. Prior to amendment, text read as follows:

“(1) Not later than January 15, 1992, and January 15, 1993, the Secretary of the Army and the Secretary of the Air Force shall jointly submit to Congress a report describing the progress during the preceding fiscal year to achieve and maintain the percentage of depot-level maintenance required to be performed by employees of the Department of Defense pursuant to subsection (a).

“(2) Not later than January 15, 1994, the Secretary of each military department and the Secretary of Defense, with respect to the Defense Agencies, shall jointly submit to Congress a report described in paragraph (1).”

1992—Subsec. (a). Pub. L. 102-484, §352(a), amended subsec. (a) generally. Prior to amendment, subsec. (a) read as follows: “PERCENTAGE LIMITATION.—Not less than 60 percent of the funds available for each fiscal year for depot-level maintenance of materiel managed for the Department of the Army and the Department of the Air Force shall be used for the performance of such depot-level maintenance by employees of the Department of Defense.”

Subsec. (c). Pub. L. 102-484, §352(b), substituted “The Secretary of the military department concerned and, with respect to a Defense Agency, the Secretary of Defense” for “The Secretary of the Army, with respect to the Department of the Army, and the Secretary of the Air Force, with respect to the Department of the Air Force.”

Subsec. (e). Pub. L. 102-484, §352(c), designated existing provisions as par. (1) and added par. (2).

1991—Pub. L. 102-190 substituted section catchline for one which read “Prohibition on certain depot maintenance workload competitions” and amended text generally. Prior to amendment, text read as follows: “The Secretary of Defense shall prohibit the Secretary of the Army and the Secretary of the Air Force, in selecting an entity to perform any depot maintenance workload, from carrying out a competition for such selection—

“(1) between or among maintenance activities of the Department of the Army and the Department of the Air Force; or

“(2) between a maintenance activity of either such department and a private contractor.”

1989—Pub. L. 101-189, in introductory provisions, substituted “shall prohibit” for “may not require”, “Army and” for “Army or”, and “from carrying out” for “to carry out”.

CONGRESSIONAL FINDINGS

Section 331 of Pub. L. 103-337 provided that: “Congress makes the following findings:

“(1) By providing the Armed Forces with a critical capacity to respond to the needs of the Armed Forces for depot-level maintenance and repair of weapon systems and equipment, the depot-level maintenance and repair activities of the Department of Defense play an essential role in maintaining the readiness of the Armed Forces.

“(2) It is appropriate for the capability of the depot-level maintenance and repair activities of the Department of Defense to perform maintenance and repair

of weapon systems and equipment to be based on policies that take into consideration the readiness, mobilization, and deployment requirements of the military departments.

“(3) It is appropriate for the management of employees of the depot-level maintenance and repair activities of the Department of Defense to be based on the amount of workload necessary to be performed by such activities to maintain the readiness of the weapon systems and equipment of the military departments and on the funds made available for the performance of such workload.”

REUTILIZATION INITIATIVE FOR DEPOT-LEVEL ACTIVITIES

Section 337 of Pub. L. 103-337 provided that:

“(a) PROGRAM AUTHORIZED.—The Secretary of Defense shall conduct activities to encourage commercial firms to enter into partnerships with depot-level activities of the military departments for the purposes of—

“(1) demonstrating commercial uses of the depot-level activities that are related to the principal mission of the depot-level activities;

“(2) preserving employment and skills of employees currently employed by the depot-level activities or providing for the reemployment and retraining of employees who, as the result of the closure, realignment, or reduced in-house workload of such activities, may become unemployed; and

“(3) supporting the goals of other defense conversion, reinvestment, and transition assistance programs while also allowing the depot-level activities to remain in operation to continue to perform their defense readiness mission.

“(b) CONDITIONS.—The Secretary shall ensure that activities conducted under this section—

“(1) do not interfere with the closure or realignment of a depot-level activity of the military departments under a base closure law; and

“(2) do not adversely affect the readiness or primary mission of a participating depot-level activity.”

CONTINUATION OF PERCENTAGE LIMITATIONS ON PERFORMANCE OF DEPOT-LEVEL MAINTENANCE

Pub. L. 103-160, div. A, title III, §343, Nov. 30, 1993, 107 Stat. 1624, provided that: “The Secretary of Defense shall ensure that the percentage limitations applicable to the depot-level maintenance workload performed by non-Federal Government personnel set forth in section 2466 of title 10, United States Code, are adhered to.”

EFFECT OF 1992 AMENDMENTS ON EXISTING CONTRACTS

Section 352(d) of Pub. L. 102-484 provided that: “The Secretary of a military department and the Secretary of Defense, with respect to the Defense Agencies, may not cancel a depot-level maintenance contract in effect on the date of the enactment of this Act [Oct. 23, 1992] in order to comply with the requirements of section 2466(a) of title 10, United States Code, as amended by subsection (a).”

PROHIBITION ON CANCELLATION OF CONTRACTS IN EFFECT ON DECEMBER 5, 1991

Section 314(a)(3) of Pub. L. 102-190 provided that: “The Secretary of the Army and the Secretary of the Air Force may not cancel a depot-level maintenance contract in effect on the date of the enactment of this Act [Dec. 5, 1991] in order to comply with the requirements of section 2466(a) of such title, as amended by subsection (a).”

COMPETITION PILOT PROGRAM; REVIEW AND REPORT

Pub. L. 102-190, div. A, title III, §314(b)–(d), Dec. 5, 1991, 105 Stat. 1337, as amended by Pub. L. 102-484, div. A, title III, §354, Oct. 23, 1992, 106 Stat. 2379, required the Comptroller General to submit to Congress, not later than Feb. 1, 1994, an evaluation of all depot maintenance workloads of the Department of Defense that were performed by an entity selected pursuant to competitive procedures, and required the Secretary of De-

fense to submit to Congress, not later than Dec. 1, 1993, a report containing a five-year strategy of the Department of Defense to use competitive procedures for the selection of entities to perform depot maintenance workloads and describing the cost savings anticipated.

PILOT PROGRAM FOR DEPOT MAINTENANCE WORKLOAD
COMPETITION

Pub. L. 101-510, div. A, title IX, §922, Nov. 5, 1990, 104 Stat. 1627, authorized a depot maintenance workload competition pilot program during fiscal year 1991, outlined elements of the program, and provided for a report not later than Mar. 31, 1992, to congressional defense committees, prior to repeal by Pub. L. 102-190, div. A, title III, §314(b)(2), Dec. 5, 1991, 105 Stat. 1337.

[§ 2467. Repealed. Pub. L. 110-181, div. A, title III, § 322(b)(1), Jan. 28, 2008, 122 Stat. 59]

Section, added Pub. L. 100-456, div. A, title III, §331(a), Sept. 29, 1988, 102 Stat. 1957; amended Pub. L. 106-65, div. A, title III, §342(a), (b)(1), Oct. 5, 1999, 113 Stat. 569; Pub. L. 107-107, div. A, title X, §1048(a)(22), Dec. 28, 2001, 115 Stat. 1224, related to cost comparisons: inclusion of retirement costs; consultation with employees; waiver of comparison.

[§ 2468. Repealed. Pub. L. 107-107, div. A, title X, § 1048(e)(10)(A), Dec. 28, 2001, 115 Stat. 1228]

Section, added Pub. L. 101-189, div. A, title XI, §1131(a)(1), Nov. 29, 1989, 103 Stat. 1560; amended Pub. L. 101-510, div. A, title IX, §921, Nov. 5, 1990, 104 Stat. 1627; Pub. L. 102-190, div. A, title III, §315(a), Dec. 5, 1991, 105 Stat. 1337; Pub. L. 103-160, div. A, title III, §370(c), Nov. 30, 1993, 107 Stat. 1634; Pub. L. 103-337, div. A, title III, §386(c), Oct. 5, 1994, 108 Stat. 2742, related to authority of military base commanders over contracting for commercial activities.

§ 2469. Contracts to perform workloads previously performed by depot-level activities of the Department of Defense: requirement of competition

(a) REQUIREMENT FOR COMPETITION.—The Secretary of Defense shall ensure that the performance of a depot-level maintenance and repair workload described in subsection (b) is not changed to performance by a contractor or by another depot-level activity of the Department of Defense unless the change is made using—

- (1) merit-based selection procedures for competitions among all depot-level activities of the Department of Defense; or
- (2) competitive procedures for competitions among private and public sector entities.

(b) SCOPE.—Except as provided in subsection (c), subsection (a) applies to any depot-level maintenance and repair workload that has a value of not less than \$3,000,000 (including the cost of labor and materials) and is being performed by a depot-level activity of the Department of Defense.

(c) EXCEPTION FOR PUBLIC-PRIVATE PARTNERSHIPS.—The requirements of subsection (a) may be waived in the case of a depot-level maintenance and repair workload that is performed at a Center of Industrial and Technical Excellence designated under subsection (a) of section 2474 of this title by a public-private partnership entered into under subsection (b) of such section consisting of a depot-level activity and a private entity.

(d) INAPPLICABILITY OF OMB CIRCULAR A-76.—Office of Management and Budget Circular A-76

(or any successor administrative regulation or policy) does not apply to a performance change to which subsection (a) applies.

(Added Pub. L. 102-484, div. A, title III, §353(a), Oct. 23, 1992, 106 Stat. 2378; amended Pub. L. 103-160, div. A, title III, §346, title XI, §1182(a)(7), Nov. 30, 1993, 107 Stat. 1625, 1771; Pub. L. 103-337, div. A, title III, §338, Oct. 5, 1994, 108 Stat. 2718; Pub. L. 104-106, div. A, title III, §311(f)(1), Feb. 10, 1996, 110 Stat. 248; Pub. L. 105-85, div. A, title III, §§355(b), 363, Nov. 18, 1997, 111 Stat. 1694, 1702; Pub. L. 106-65, div. A, title III, §334, Oct. 5, 1999, 113 Stat. 568; Pub. L. 108-136, div. A, title III, §333, Nov. 24, 2003, 117 Stat. 1442.)

AMENDMENTS

2003—Subsec. (b). Pub. L. 108-136, §333(1), substituted “Except as provided in subsection (c), subsection” for “Subsection”.

Subsecs. (c), (d). Pub. L. 108-136, §333(2), (3), added subsec. (c) and redesignated former subsec. (c) as (d).

1999—Subsec. (b). Pub. L. 106-65 inserted “(including the cost of labor and materials)” after “\$3,000,000”.

1997—Pub. L. 105-85, §363, repealed Pub. L. 104-106, §311(f)(1). See 1996 Amendment note below.

Subsecs. (a), (b). Pub. L. 105-85, §355(b), substituted “maintenance and repair” for “maintenance or repair”.

1996—Pub. L. 104-106, §311(f)(1), which directed repeal of this section, was repealed by Pub. L. 105-85, §363.

1994—Pub. L. 103-337 amended section generally. Prior to amendment, section read as follows:

“(a) REQUIREMENT FOR COMPETITION.—The Secretary of Defense or the Secretary of a military department may not change the performance of a depot-level maintenance workload that has a value of not less than \$3,000,000 and is being performed by a depot-level activity of the Department of Defense to performance by a contractor unless the Secretary uses competitive procedures for the selection of the contractor to perform such workload.

“(b) INAPPLICABILITY OF OMB CIRCULAR A-76.—The use of Office of Management and Budget Circular A-76 shall not apply to a performance change under subsection (a).”

1993—Pub. L. 103-160, §346, amended section, as amended by Pub. L. 103-160, §1182(a)(7), (h), by designating existing provisions as subsec. (a), inserting heading, striking out “threshold” before “value”, substituting “to performance by a contractor unless the Secretary uses competitive procedures for the selection of the contractor to perform such workload” for “unless the Secretary uses competitive procedures to make the change”, and adding subsec. (b).

Pub. L. 103-160, §1182(a)(7), struck out “, prior to any such change,” after “Department of Defense unless”.

[§ 2469a. Repealed. Pub. L. 107-314, div. A, title III, § 333(a), Dec. 2, 2002, 116 Stat. 2514]

Section, added Pub. L. 105-85, div. A, title III, §359(a)(1), Nov. 18, 1997, 111 Stat. 1696; amended Pub. L. 106-65, div. A, title III, §335, title X, §1066(a)(20), Oct. 5, 1999, 113 Stat. 568, 771, related to use of competitive procedures in contracting for performance of depot-level maintenance and repair workloads formerly performed at closed or realigned military installations.

§ 2470. Depot-level activities of the Department of Defense: authority to compete for maintenance and repair workloads of other Federal agencies

A depot-level activity of the Department of Defense shall be eligible to compete for the performance of any depot-level maintenance and repair workload of a Federal agency for which competitive procedures are used to select the entity to perform the workload.

(Added Pub. L. 103-337, div. A, title III, §335(a), Oct. 5, 1994, 108 Stat. 2716.)

[§ 2471. Repealed. Pub. L. 106-398, § 1 [[div. A], title III, §341(g)(1)], Oct. 30, 2000, 114 Stat. 1654, 1654A-64]

Section, added Pub. L. 103-337, div. A, title III, §336(a), Oct. 5, 1994, 108 Stat. 2717; amended Pub. L. 104-106, div. A, title XV, §1503(a)(26), Feb. 10, 1996, 110 Stat. 512; Pub. L. 105-85, div. A, title III, §361(b)(1), Nov. 18, 1997, 111 Stat. 1701, related to lease of excess depot-level equipment and facilities by persons outside the Department of Defense.

§ 2472. Prohibition on management of depot employees by end strength

The civilian employees of the Department of Defense, including the civilian employees of the military departments and the Defense Agencies, who perform, or are involved in the performance of, depot-level maintenance and repair workloads may not be managed on the basis of any constraint or limitation in terms of man years, end strength, full-time equivalent positions, or maximum number of employees. Such employees shall be managed solely on the basis of the available workload and the funds made available for such depot-level maintenance and repair.

(Added and amended Pub. L. 104-106, div. A, title III, §312(a), (b), Feb. 10, 1996, 110 Stat. 250; Pub. L. 105-85, div. A, title III, §360, Nov. 18, 1997, 111 Stat. 1700; Pub. L. 106-65, div. A, title X, §1067(1), Oct. 5, 1999, 113 Stat. 774; Pub. L. 108-375, div. A, title III, §322(a), (b)(1), Oct. 28, 2004, 118 Stat. 1846.)

CODIFICATION

The text of section 2466(b) of this title, which was transferred to this section and redesignated subsec. (a) by Pub. L. 104-106, §312(b), was based on Pub. L. 102-190, div. A, title III, §314(a)(1), Dec. 5, 1991, 105 Stat. 1336; Pub. L. 103-337, div. A, title III, §332(b), Oct. 5, 1994, 108 Stat. 2715.

AMENDMENTS

2004—Pub. L. 108-375 substituted “Prohibition on management of depot employees by end strength” for “Management of depot employees” in section catchline, struck out subsec. (a) designation and heading before “The civilian”, and struck out heading and text of subsec. (b). Text read as follows: “Not later than December 1 of each fiscal year, the Secretary of Defense shall submit to the Committee on Armed Services of the Senate and the Committee on Armed Services of the House of Representatives a report on the number of employees employed and expected to be employed by the Department of Defense during that fiscal year to perform depot-level maintenance and repair of materiel. The report shall indicate whether that number is sufficient to perform the depot-level maintenance and repair functions for which funds are expected to be provided for that fiscal year for performance by Department of Defense employees.”

1999—Subsec. (b). Pub. L. 106-65 substituted “and the Committee on Armed Services” for “and the Committee on National Security”.

1997—Subsec. (a). Pub. L. 105-85 inserted first sentence and struck out former first sentence which read as follows: “The civilian employees of the Department of Defense involved in the depot-level maintenance and repair of materiel may not be managed on the basis of any end-strength constraint or limitation on the number of such employees who may be employed on the last day of a fiscal year.”

1996—Subsec. (a). Pub. L. 104-106, §312(b), renumbered section 2466(b) of this title as subsec. (a) of this section.

SUBMISSION OF INITIAL REPORT

Pub. L. 104-106, div. A, title III, §312(c), Feb. 10, 1996, 110 Stat. 250, required the report under subsec. (b) of this section for fiscal year 1996 to be submitted not later than Mar. 15, 1996.

[§ 2473. Repealed. Pub. L. 111-383, div. A, title VIII, § 822(a), Jan. 7, 2011, 124 Stat. 4268]

Section, added Pub. L. 104-201, div. A, title VIII, §832(a), Sept. 23, 1996, 110 Stat. 2616; amended Pub. L. 105-261, div. A, title VIII, §809(a)-(d), Oct. 17, 1998, 112 Stat. 2085, 2086; Pub. L. 106-65, div. A, title VIII, §815(b), Oct. 5, 1999, 113 Stat. 712; Pub. L. 111-84, div. A, title VIII, §818(a), Oct. 28, 2009, 123 Stat. 2408, required the Secretary of Defense to place conditions on the procurement of property or services in order to preserve the small arms production industrial base.

§ 2474. Centers of Industrial and Technical Excellence: designation; public-private partnerships

(a) DESIGNATION.—(1) The Secretary concerned, or the Secretary of Defense in the case of a Defense Agency, shall designate each depot-level activity of the military departments and the Defense Agencies (other than facilities approved for closure or major realignment under the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101-510; 10 U.S.C. 2687 note)) as a Center of Industrial and Technical Excellence in the recognized core competencies of the designee.

(2) The Secretary of Defense shall establish a policy to encourage the Secretary of each military department and the head of each Defense Agency to reengineer industrial processes and adopt best-business practices at their Centers of Industrial and Technical Excellence in connection with their core competency requirements, so as to serve as recognized leaders in their core competencies throughout the Department of Defense and in the national technology and industrial base (as defined in section 2500(1) of this title).

(3) The Secretary of a military department may conduct a pilot program, consistent with applicable requirements of law, to test any practices referred to in paragraph (2) that the Secretary determines could improve the efficiency and effectiveness of operations at Centers of Industrial and Technical Excellence, improve the support provided by the Centers for the armed forces user of the services of the Centers, and enhance readiness by reducing the time that it takes to repair equipment.

(b) PUBLIC-PRIVATE PARTNERSHIPS.—(1) To achieve one or more objectives set forth in paragraph (2), the Secretary designating a Center of Industrial and Technical Excellence under subsection (a) may authorize and encourage the head of the Center to enter into public-private cooperative arrangements (in this section referred to as a “public-private partnership”) to provide for any of the following:

(A) For employees of the Center, private industry, or other entities outside the Department of Defense to perform (under contract, subcontract, or otherwise) work related to the core competencies of the Center, including any

depot-level maintenance and repair work that involves one or more core competencies of the Center.

(B) For private industry or other entities outside the Department of Defense to use, for any period of time determined to be consistent with the needs of the Department of Defense, any facilities or equipment of the Center that are not fully utilized for a military department's own production or maintenance requirements.

(2) The objectives for exercising the authority provided in paragraph (1) are as follows:

(A) To maximize the utilization of the capacity of a Center of Industrial and Technical Excellence.

(B) To reduce or eliminate the cost of ownership of a Center by the Department of Defense in such areas of responsibility as operations and maintenance and environmental remediation.

(C) To reduce the cost of products of the Department of Defense produced or maintained at a Center.

(D) To leverage private sector investment in—

- (i) such efforts as plant and equipment recapitalization for a Center; and
- (ii) the promotion of the undertaking of commercial business ventures at a Center.

(E) To foster cooperation between the armed forces and private industry.

(3) If the Secretary concerned, or the Secretary of Defense in the case of a Defense Agency, authorizes the use of public-private partnerships under this subsection, the Secretary shall submit to Congress a report evaluating the need for loan guarantee authority, similar to the ARMS Initiative loan guarantee program under section 4555 of this title, to facilitate the establishment of public-private partnerships and the achievement of the objectives set forth in paragraph (2).

(c) PRIVATE SECTOR USE OF EXCESS CAPACITY.—Any facilities or equipment of a Center of Industrial and Technical Excellence made available to private industry may be used to perform maintenance or to produce goods in order to make more efficient and economical use of Government-owned industrial plants and encourage the creation and preservation of jobs to ensure the availability of a workforce with the necessary manufacturing and maintenance skills to meet the needs of the armed forces.

(d) CREDITING OF AMOUNTS FOR PERFORMANCE.—Amounts received by a Center for work performed under a public-private partnership shall be credited to the appropriation or fund, including a working-capital fund, that incurs the cost of performing the work. Consideration in the form of rental payments or (notwithstanding section 3302(b) of title 31) in other forms may be accepted for a use of property accountable under a contract performed pursuant to this section. Notwithstanding section 2667(d)¹ of this title, revenues generated pursuant to this section shall be available for facility operations,

maintenance, and environmental restoration at the Center where the leased property is located.

(e) AVAILABILITY OF EXCESS EQUIPMENT TO PRIVATE-SECTOR PARTNERS.—Equipment or facilities of a Center of Industrial and Technical Excellence may be made available for use by a private-sector entity under this section only if—

(1) the use of the equipment or facilities will not have a significant adverse effect on the readiness of the armed forces, as determined by the Secretary concerned or, in the case of a Center in a Defense Agency, by the Secretary of Defense; and

(2) the private-sector entity agrees—

(A) to reimburse the Department of Defense for the direct and indirect costs (including any rental costs) that are attributable to the entity's use of the equipment or facilities, as determined by that Secretary; and

(B) to hold harmless and indemnify the United States from—

(i) any claim for damages or injury to any person or property arising out of the use of the equipment or facilities, except under the circumstances described in section 2563(c)(3) of this title; and

(ii) any liability or claim for damages or injury to any person or property arising out of a decision by the Secretary concerned or the Secretary of Defense to suspend or terminate that use of equipment or facilities during a war or national emergency.

(f) EXCLUSION OF CERTAIN EXPENDITURES FROM PERCENTAGE LIMITATION.—Amounts expended for the performance of a depot-level maintenance and repair workload by non-Federal Government personnel at a Center of Industrial and Technical Excellence under any contract shall not be counted for purposes of applying the percentage limitation in section 2466(a) of this title if the personnel are provided by private industry or other entities outside the Department of Defense pursuant to a public-private partnership.

(g) CONSTRUCTION OF PROVISION.—Nothing in this section may be construed to authorize a change, otherwise prohibited by law, from the performance of work at a Center of Industrial and Technical Excellence by Department of Defense personnel to performance by a contractor.

(Added Pub. L. 105-85, div. A, title III, §361(a)(1), Nov. 18, 1997, 111 Stat. 1700; amended Pub. L. 106-398, §1 [[div. A], title III, §341(a)-(e)], Oct. 30, 2000, 114 Stat. 1654, 1654A-61 to 1654A-63; Pub. L. 107-107, div. A, title III, §§342, 343(b), Dec. 28, 2001, 115 Stat. 1060, 1061; Pub. L. 107-314, div. A, title III, §334, Dec. 2, 2002, 116 Stat. 2514; Pub. L. 108-375, div. A, title III, §323, title X, §1084(d)(20), Oct. 28, 2004, 118 Stat. 1846, 2062; Pub. L. 109-364, div. A, title III, §331(a), Oct. 17, 2006, 120 Stat. 2149.)

REFERENCES IN TEXT

Subsection (d) of section 2667 of this title, referred to in subsec. (d), was redesignated subsec. (e) and a new subsec. (d) was added by Pub. L. 109-364, div. A, title VI, §662(b), Oct. 17, 2006, 120 Stat. 2263.

AMENDMENTS

2006—Subsec. (f). Pub. L. 109-364 struck out “(1)” before “Amounts”, “entered into during fiscal years 2003

¹ See References in Text note below.

through 2009” before “shall not be counted”, and par. (2) which read as follows: “All funds covered by paragraph (1) shall be included as a separate item in the reports required under paragraphs (1), (2), and (3) of section 2466(d) of this title.”

2004—Subsec. (f)(1). Pub. L. 108-375, § 323, substituted “through 2009” for “through 2006”.

Subsec. (f)(2). Pub. L. 108-375, § 1084(d)(20), substituted “section 2466(d)” for “section 2466(e)”.

2002—Subsec. (f)(1). Pub. L. 107-314, § 334(1), substituted “Amounts expended for the performance of a depot-level maintenance and repair workload by non-Federal Government personnel at a Center of Industrial and Technical Excellence under any contract entered into during fiscal years 2003 through 2006” for “Amounts expended out of funds described in paragraph (2) for the performance of a depot-level maintenance and repair workload by non-Federal Government personnel at a Center of Industrial and Technical Excellence”.

Subsec. (f)(2), (3). Pub. L. 107-314, § 334(2), (3), redesignated par. (3) as (2) and struck out former par. (2) which read as follows: “The funds referred to in paragraph (1) are funds available to the military departments and Defense Agencies for depot-level maintenance and repair workloads for fiscal years 2002 through 2005.”

2001—Subsec. (e)(2)(B)(i). Pub. L. 107-107, § 343(b), substituted “under the circumstances described in section 2563(c)(3) of this title” for “in a case of willful conduct or gross negligence”.

Subsecs. (f), (g). Pub. L. 107-107, § 342, added subsec. (f) and redesignated former subsec. (f) as (g).

2000—Subsec. (a)(1). Pub. L. 106-398, § 1 [[div. A], title III, § 341(a)(1)], substituted “The Secretary concerned, or the Secretary of Defense in the case of a Defense Agency,” for “The Secretary of Defense” and “of the designee” for “of the activity”.

Subsec. (a)(2). Pub. L. 106-398, § 1 [[div. A], title III, § 341(a)(2)], inserted “of Defense” after “The Secretary” and substituted “Centers of Industrial and Technical Excellence” for “depot-level activities”.

Subsec. (a)(3). Pub. L. 106-398, § 1 [[div. A], title III, § 341(a)(3)], substituted “operations at Centers of Industrial and Technical Excellence” for “depot-level operations”, “by the Centers” for “by depot-level activities”, and “of the Centers” for “of such activities”.

Subsec. (b). Pub. L. 106-398, § 1 [[div. A], title III, § 341(b)], amended heading and text of subsec. (b) generally. Prior to amendment, text read as follows: “The Secretary of Defense shall enable Centers of Industrial and Technical Excellence to enter into public-private cooperative arrangements for the performance of depot-level maintenance and repair at such Centers and shall encourage the use of such arrangements to maximize the utilization of the capacity at such Centers. A public-private cooperative arrangement under this subsection shall be known as a ‘public-private partnership’.”

Subsec. (c). Pub. L. 106-398, § 1 [[div. A], title III, § 341(c)(3)], added subsec. (c). Former subsec. (c) redesignated (d).

Subsec. (d). Pub. L. 106-398, § 1 [[div. A], title III, § 341(d)], inserted at end “Consideration in the form of rental payments or (notwithstanding section 3302(b) of title 31) in other forms may be accepted for a use of property accountable under a contract performed pursuant to this section. Notwithstanding section 2667(d) of this title, revenues generated pursuant to this section shall be available for facility operations, maintenance, and environmental restoration at the Center where the leased property is located.”

Pub. L. 106-398, § 1 [[div. A], title III, § 341(c)(1), (2)], redesignated subsec. (c) as (d) and struck out heading and text of former subsec. (d). Text read as follows: “The policy required under subsection (a) shall include measures to enable a private sector entity that enters into a partnership arrangement under subsection (b) or leases excess equipment and facilities at a Center of Industrial and Technical Excellence pursuant to section 2471 of this title to perform additional work at the Cen-

ter, subject to the limitations outlined in subsection (b) of such section, outside of the types of work normally assigned to the Center.”

Subsecs. (e), (f). Pub. L. 106-398, § 1 [[div. A], title III, § 341(e)], added subsecs. (e) and (f).

REPORTING REQUIREMENT

Pub. L. 105-85, div. A, title III, § 361(c), Nov. 18, 1997, 111 Stat. 1701, provided that, not later than Mar. 1, 1999, the Secretary of Defense was to submit to Congress a report on the policies established by the Secretary pursuant to this section to implement the requirements of this section.

§ 2475. Consolidation, restructuring, or re-engineering of organizations, functions, or activities: notification requirements

(a) REQUIREMENT TO SUBMIT PLAN ANNUALLY.—Concurrently with the submission of the President’s annual budget request under section 1105 of title 31, the Secretary of Defense shall submit to Congress each Strategic Sourcing Plan of Action for the Department of Defense (as identified in the Department of Defense Interim Guidance dated February 29, 2000, or any successor Department of Defense guidance or directive), for the following year.

(b) NOTIFICATION OF DECISION TO EXECUTE PLAN.—If a decision is made to consolidate, restructure, or reengineer an organization, function, or activity of the Department of Defense pursuant to a Strategic Sourcing Plan of Action described in subsection (a), and such consolidation, restructuring, or reengineering would result in a manpower reduction affecting 50 or more personnel of the Department of Defense (including military and civilian personnel)—

(1) the Secretary of Defense shall submit to the Committees on Armed Services of the Senate and the House of Representatives a report describing that decision, including—

(A) a projection of the savings that will be realized as a result of the consolidation, restructuring, or reengineering, compared with the cost incurred by the Department of Defense to perform the function or to operate the organization or activity prior to such proposed consolidation, restructuring, or reengineering;

(B) a description of all missions, duties, or military requirements that will be affected as a result of the decision to consolidate, restructure, or reengineer the organization, function, or activity that was analyzed;

(C) the Secretary’s certification that the consolidation, restructuring, or reengineering will not result in any diminution of military readiness;

(D) a schedule for performing the consolidation, restructuring, or reengineering; and

(E) the Secretary’s certification that the entire analysis for the consolidation, restructuring, or reengineering is available for examination; and

(2) the head of the Defense Agency or the Secretary of the military department concerned may not implement the plan until 30 days after the date that the agency head or Secretary submits notification to the Committees on Armed Services of the Senate and House of Representatives of the intent to carry out such plan.

(Added Pub. L. 106-398, §1 [[div. A], title III, §353(a)], Oct. 30, 2000, 114 Stat. 1654, 1654A-72.)

§ 2476. Minimum capital investment for certain depots

(a) **MINIMUM INVESTMENT.**—Each fiscal year, the Secretary of a military department shall invest in the capital budgets of the covered depots of that military department a total amount equal to not less than six percent of the average total combined workload funded at all the depots of that military department for the preceding three fiscal years.

(b) **CAPITAL BUDGET.**—For purposes of this section, the capital budget of a depot includes investment funds spent on depot infrastructure, equipment, and process improvement in direct support of depot operations.

(c) **WAIVER.**—The Secretary of Defense may waive the requirement under subsection (a) with respect to a military department for a fiscal year if the Secretary determines that the waiver is necessary for reasons of national security. Whenever the Secretary makes such a waiver, the Secretary shall notify the congressional defense committees of the waiver and the reasons for the waiver.

(d) **ANNUAL REPORT.**—(1) Not later than 45 days after the date on which the President submits to Congress the budget for a fiscal year under section 1105 of title 31, the Secretary of Defense shall submit to the congressional defense committees a report containing budget justification documents summarizing the level of capital investment for each military department as of the end of the preceding fiscal year.

(2) Each report submitted under paragraph (1) shall include the following:

(A) A specification of any statutory, regulatory, or operational impediments to achieving the requirement under subsection (a) with respect to each military department.

(B) A description of the benchmarks for capital investment established for each covered depot and military department and the relationship of the benchmarks to applicable performance measurement methods used in the private sector.

(C) If the requirement under subsection (a) is not met for a military department for the fiscal year covered by the report, a statement of the reasons why the requirement was not met and a plan of actions for meeting the requirement for the fiscal year beginning in the year in which such report is submitted.

(D) Separate consideration and reporting of Navy depots and Marine Corps depots.

(e) **COVERED DEPOT.**—In this section, the term “covered depot” means any of the following:

(1) With respect to the Department of the Army:

- (A) Anniston Army Depot, Alabama.
- (B) Letterkenny Army Depot, Pennsylvania.
- (C) Tobyhanna Army Depot, Pennsylvania.
- (D) Corpus Christi Army Depot, Texas.
- (E) Red River Army Depot, Texas.
- (F) Watervliet Arsenal, New York.
- (G) Rock Island Arsenal, Illinois.
- (H) Pine Bluff Arsenal, Arkansas.

(2) With respect to the Department of the Navy:

- (A) The following Navy depots:
 - (i) Fleet Readiness Center East Site, Cherry Point, North Carolina.
 - (ii) Fleet Readiness Center Southwest Site, North Island, California.
 - (iii) Fleet Readiness Center Southeast Site, Jacksonville, Florida.
 - (iv) Portsmouth Naval Shipyard, Maine.
 - (v) Pearl Harbor Naval Shipyard, Hawaii.
 - (vi) Puget Sound Naval Shipyard, Washington.
 - (vii) Norfolk Naval Shipyard, Virginia.

(B) The following Marine Corps depots:

- (i) Marine Corps Logistics Base, Albany, Georgia.
- (ii) Marine Corps Logistics Base, Barstow, California.

(3) With respect to the Department of the Air Force:

- (A) Warner-Robins Air Logistics Center, Georgia.
- (B) Ogden Air Logistics Center, Utah.
- (C) Oklahoma City Air Logistics Center, Oklahoma.

(Added Pub. L. 109-364, div. A, title III, §332(a), Oct. 17, 2006, 120 Stat. 2149; amended Pub. L. 110-417, [div. A], title III, §327, Oct. 14, 2008, 122 Stat. 4418; Pub. L. 111-383, div. A, title X, §1075(b)(36), Jan. 7, 2011, 124 Stat. 4371.)

AMENDMENTS

2011—Subsec. (d)(2)(D). Pub. L. 111-383 substituted “Navy depots” for “Navy Depots”.

2008—Subsec. (d)(2)(D). Pub. L. 110-417, §327(b)(1), added subpar. (D).

Subsec. (e)(1)(F) to (H). Pub. L. 110-417, §327(a), added subpars. (F) to (H).

Subsec. (e)(2). Pub. L. 110-417, §327(b)(2), inserted introductory provisions for subpars. (A) and (B), redesignated former subpars. (A) to (G) as cls. (i) to (vii), respectively, of subpar. (A) and realigned margins, and redesignated former subpars. (H) and (I) as cls. (i) and (ii), respectively, of subpar. (B) and realigned margins.

EFFECTIVE DATE

Pub. L. 109-364, div. A, title III, §332(c), Oct. 17, 2006, 120 Stat. 2150, provided that: “Section 2476 of title 10, United States Code, as added by subsection (a), shall take effect on October 1, 2006.”

TWO YEAR PHASE-IN FOR DEPARTMENTS OF THE ARMY AND THE NAVY

Pub. L. 109-364, div. A, title III, §332(d), Oct. 17, 2006, 120 Stat. 2150, provided that:

“(1) **REDUCED PERCENTAGE OF REQUIRED INVESTMENT FOR FISCAL YEARS 2007 AND 2008.**—The Secretary of the Army shall apply subsection (a) of section 2476 of title 10, United States Code, as added by subsection (a), to the covered depots of the Army, and the Secretary of the Navy shall apply such subsection to the covered depots of the Department of the Navy—

“(A) for fiscal year 2007, by substituting ‘four percent’ for ‘six percent’; and

“(B) for fiscal year 2008, by substituting ‘five percent’ for ‘six percent’.

“(2) **COVERED DEPOTS.**—In this subsection, the term ‘covered depot’ has the meaning given that term in subsection (e) of section 2476 of title 10, United States Code, as added by subsection (a).”

CHAPTER 147—COMMISSARIES AND EXCHANGES AND OTHER MORALE, WELFARE, AND RECREATION ACTIVITIES

Subchapter	Sec.
I. Defense Commissary and Exchange Systems	2481
II. Relationship, Continuation, and Common Policies of Defense Commissary and Exchange Systems	2487
III. Morale, Welfare, and Recreation Programs and Nonappropriated Fund Instrumentalities	2491

AMENDMENTS

2004—Pub. L. 108-375, div. A, title VI, § 651(a)(1), (3), Oct. 28, 2004, 118 Stat. 1964, added items for subchapters I to III and struck out items 2481 “Existence of defense commissary system and exchange stores system”, 2482 “Commissary stores: operation”, 2482a “Nonappropriated fund instrumentalities: contracts with other agencies and instrumentalities to provide and obtain goods and services”, 2483 “Commissary stores: reimbursement for use of commissary facilities by military departments”, 2484 “Commissary stores: use of appropriated funds to cover operating expenses”, 2485 “Donation of unusable food: commissary stores and other activities”, 2486 “Commissary stores: merchandise that may be sold; uniform surcharges and pricing”, 2487 “Commissary stores: release of certain commercially valuable information to the public”, 2488 “Nonappropriated fund instrumentalities: purchase of alcoholic beverages”, 2489 “Overseas package stores: treatment of United States wines”, 2489a “Sale or rental of sexually explicit material prohibited”, 2490a “Combined exchange and commissary stores”, 2492 “Overseas commissary and exchange stores: access and purchase restrictions”, 2493 “Fisher Houses: administration as nonappropriated fund instrumentality”, and 2494 “Uniform funding and management of morale, welfare, and recreation programs”.

2003—Pub. L. 108-136, div. A, title VI, § 652(b), Nov. 24, 2003, 117 Stat. 1522, added item 2481.

2002—Pub. L. 107-314, div. A, title III, § 323(b), Dec. 2, 2002, 116 Stat. 2511, added item 2494.

2001—Pub. L. 107-107, div. A, title III, §§ 332(b), 333(b), Dec. 28, 2001, 115 Stat. 1058, 1059, added item 2483 and substituted “Commissary stores: release of certain commercially valuable information to the public” for “Commissary stores: limitations on release of sales information” in item 2487.

2000—Pub. L. 106-398, § 1 [[div. A], title III, § 331(a)(2)], Oct. 30, 2000, 114 Stat. 1654, 1654A-59, added item 2484 and struck out former item 2484 “Commissary stores: expenses”.

1998—Pub. L. 105-261, div. A, title III, § 365(b), title IX, § 906(a)(2), Oct. 17, 1998, 112 Stat. 1987, 2095, added items 2492 and 2493.

1997—Pub. L. 105-85, div. A, title III, § 371(a)(1), (c)(1), Nov. 18, 1997, 111 Stat. 1705, substituted “COMMISSARIES AND EXCHANGES AND OTHER MORALE, WELFARE, AND RECREATION ACTIVITIES” for “UTILITIES AND SERVICES” as chapter heading and struck out items 2481 “Utilities and services: sale; expansion and extension of systems and facilities”, 2483 “Sale of electricity from alternate energy and cogeneration production facilities”, and 2490 “Utility services: furnishing for certain buildings”.

1996—Pub. L. 104-201, div. A, title III, §§ 341(a)(2), 343(a)(2), Sept. 23, 1996, 110 Stat. 2489, 2490, added items 2482a and 2489a.

Pub. L. 104-106, div. A, title III, §§ 331(b), 336(a)(2), Feb. 10, 1996, 110 Stat. 260, 264, substituted “Commissary stores: operation” for “Commissary stores: private operation” in item 2482 and added item 2490a.

1993—Pub. L. 103-160, div. A, title XI, § 1182(a)(8)(B), Nov. 30, 1993, 107 Stat. 1771, struck out item 2490a “Nonappropriated fund instrumentalities: financial management and use of nonappropriated funds”.

1992—Pub. L. 102-484, div. A, title III, §§ 362(b), 364(b)(1), Oct. 23, 1992, 106 Stat. 2380, 2382, substituted “limitations” for “limitation” in item 2487 and added item 2490a.

1990—Pub. L. 101-510, div. A, title III, § 324(b)(2), Nov. 5, 1990, 104 Stat. 1531, amended item 2485 generally, substituting “Donation of unusable food: commissary stores and other activities” for “Commissary stores: donation of unmarketable food”.

1988—Pub. L. 100-370, § 1(j)(2), July 19, 1988, 102 Stat. 848, added item 2490.

1987—Pub. L. 100-180, div. A, title III, §§ 311(a)(2), 313(a)(3), Dec. 4, 1987, 101 Stat. 1073, 1074, inserted “and pricing” in item 2486 and added item 2489.

1986—Pub. L. 99-661, div. A, title III, § 313(c), Nov. 14, 1986, 100 Stat. 3853, added items 2486, 2487, and 2488.

1985—Pub. L. 99-145, title XIV, § 1460(b), Nov. 8, 1985, 99 Stat. 765, added item 2485.

1984—Pub. L. 98-525, title XIV, § 1401(i)(2), Oct. 19, 1984, 98 Stat. 2620, added item 2484.

Pub. L. 98-407, title VIII, § 810(b), Aug. 28, 1984, 98 Stat. 1523, added item 2483.

SUBCHAPTER I—DEFENSE COMMISSARY AND EXCHANGE SYSTEMS

Sec.	
2481.	Defense commissary and exchange systems: existence and purpose.
2482.	Commissary stores: criteria for establishment or closure; store size.
2483.	Commissary stores: use of appropriated funds to cover operating expenses.
2484.	Commissary stores: merchandise that may be sold; uniform surcharges and pricing.
2485.	Commissary stores: operation.

AMENDMENTS

2006—Pub. L. 109-364, div. A, title X, § 1071(a)(18), Oct. 17, 2006, 120 Stat. 2399, inserted period at end of item 2481.

2004—Pub. L. 108-375, div. A, title VI, § 651(a)(3), Oct. 28, 2004, 118 Stat. 1964, added subchapter heading and items 2481 to 2485.

§ 2481. Defense commissary and exchange systems: existence and purpose

(a) SEPARATE SYSTEMS.—The Secretary of Defense shall operate, in the manner provided by this chapter and other provisions of law, a world-wide system of commissary stores and a separate world-wide system of exchange stores. The stores of each system may sell, at reduced prices, food and other merchandise to members of the uniformed services on active duty, members of the uniformed services entitled to retired pay, dependents of such members, and persons authorized to use the system under chapter 54 of this title.

(b) PURPOSE OF SYSTEMS.—The defense commissary system and the exchange system are intended to enhance the quality of life of members of the uniformed services, retired members, and dependents of such members, and to support military readiness, recruitment, and retention.

(c) OVERSIGHT.—(1) The Secretary of Defense shall designate a senior official of the Department of Defense to oversee the operation of both the defense commissary system and the exchange system.

(2) The Secretary of Defense shall establish an executive governing body to provide advice to the senior official designated under paragraph (1) regarding the operation of the defense commissary and exchange systems and to ensure the complementary operation of the systems.