SEC. 1003. ENHANCING INTERAGENCY SUPPORT DURING CONTINGENCY OPERATIONS AND TRANSITION PERIODS.

(a) AUTHORITY—The Secretary of Defense and the Secretary of State may enter into an agreement under which each Secretary may provide logistic support, supplies, and services on an advance-of-funds or reimbursement basis, or by exchange of logistic support, supplies, and services, to the other Secretary during a contingency operation and related transition period for up to two years following the end of such contingency operation.

(b) AGREEMENT.—An agreement under this section shall be in writing and shall include the following terms:

(1) The price charged by a supplying agency shall be the direct costs of such agency in providing the requested logistic support, supplies, or services.

(2) Credits and liabilities of the agencies accrued as a result of acquisitions and transfers of logistic support, supplies, and services under this section shall be liquidated not less often than once every 3 months by direct payment to the agency supplying such support, supplies, or services by the entity receiving such support, supplies, or services.

(3) Exchange entitlements accrued as a result of acquisitions and transfers of logistic support, supplies, and services under this section shall be satisfied within 12 months after the date of the delivery of the logistic support, supplies, or services. Exchange entitlements not so satisfied shall be immediately liquidated by direct payment to the agency supplying such logistic support, supplies, or services.

(c) EFFECT OF OBLIGATION AND AVAILABILITY OF FUNDS.—An order placed by an agency pursuant to an agreement under this section is deemed to be an obligation in the same manner that a similar order or contract placed with a private contractor is an obligation. Appropriations remain

available to pay an obligation to the servicing agency just as appropriations remain available to pay an obligation to a private contractor.

(d) DEFINITIONS.—In this section:

(1) The term "logistic support, supplies, and services" has the meaning given that term in section 2350(1) of title 10, United States Code.

(2) The term "contingency operation" has the meaning given that term in section 101(a)(13) of title 10, United States Code.

(e) CREDITING OF RECEIPTS.—Any receipt as a result of an agreement entered into under this section shall be credited, at the option of the Secretary of Defense with respect to the Department of Defense and the Secretary of State with respect to the Department of State, to—

(1) the appropriation, fund, or account used in incurring the obligation; or

(2) an appropriate appropriation, fund, or account currently available for the purposes of which the expenditures were made.

Section-by-Section Analysis

The Secretary of Defense and the Secretary of State would jointly exercise the approved authority in accordance with the procedures established by the proposal. This proposal would supply the national security stakeholders with greater flexibility and agility during contingency operations and transition periods. It would provide a collaborative, "whole of government" effort between the Department of Defense and the Department of State by leveraging available resources and reducing duplication of effort. This proposed legislation represents an important step toward greater efficiency and productivity in Defense spending and achieving better buying power U.S. Government-wide. Additionally, this proposal would have immediate application in furtherance of the U.S. strategic objective of building a more stable and secure Afghanistan, while also serving as a model for addressing future contingencies.

The legislative proposal also compliments the Presidential Policy Directive (PPD) 23 for Security Sector Assistance (SSA) which aims to improve how the U.S. Government (USG) provides SSA around the world through a deliberate and inclusive whole-of-government process.

The Economy Act of 1932, as amended, 31 U.S.C. 1535, provides authority for Federal departments and agencies to purchase goods or services from other Federal departments and

agencies under the following conditions: (1) amounts for the purchase are available; (2) the purchase is in the best interest of the government; (3) the ordered goods or services cannot be provided more cost-efficiently by contract from a commercial enterprise; and (4) the agency or unit to fill the order is able to provide or get by contract the ordered goods or services. The Federal Acquisition Regulation, 48 CFR 17.503(b), states that Economy Act orders must include: (1) a description of the supplies or services required; (2) delivery requirements; (3) a funds citation; (4) a payment provision; and (5) acquisition authority as may be appropriate. This proposal would supplement the Economy Act to authorize the Secretary of Defense and the Secretary of State to enter into an agreement during a contingency operation and related transition period for up to 2 years following the end of such contingency operation. Notwithstanding the Economy Act or any other provision of law, the Secretary of Defense and the Secretary of State would be authorized to use any funds available to their respective Department to make payment for any logistic support, supplies, and/or services received pursuant to such an agreement. This proposal would provide for the Departments of State and Defense an authority akin to that which already is statutorily available to friendly foreign governments and specified international organizations allowing their military forces to acquire from and transfer to U.S. forces logistics support, supplies, and services in accordance with sections 2341-2350 of title 10, United States Code. It is envisioned that the interagency agreement language and financial procedures will follow established Acquisition and Cross Servicing Agreement practices and procedures.

Budget Implications: This proposal would not require any additional funding.

Changes to Existing Law: This proposal would not amend any existing law.