

104TH CONGRESS
2D SESSION

H. R. 3513

To establish limitations on the ability of a Federal agency to pay a contractor under a contract with the agency for the costs of compensation with respect to the services of any individual.

IN THE HOUSE OF REPRESENTATIVES

MAY 22, 1996

Mr. SANDERS introduced the following bill; which was referred to the Committee on Government Reform and Oversight, and in addition to the Committee on National Security, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To establish limitations on the ability of a Federal agency to pay a contractor under a contract with the agency for the costs of compensation with respect to the services of any individual.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. LIMITATION ON COMPENSATION PAID UNDER**
4 **GOVERNMENT CONTRACTS.**

5 (a) ARMED SERVICES ACQUISITIONS.—(1) Section
6 2324 of title 10, United States Code, is amended—

1 (A) by redesignating subsection (l) as sub-
2 section (m); and

3 (B) by inserting after subsection (k) the follow-
4 ing new subsection (l):

5 “(l) LIMITATION ON COMPENSATION.—

6 “(1) IN GENERAL.—Subject to paragraph (2),
7 the head of an agency may not obligate funds to pay
8 a contractor under a contract with the agency for
9 the costs of compensation with respect to the serv-
10 ices of any one individual to the extent that the total
11 amount of the compensation paid in a fiscal year to
12 that individual exceeds \$200,000.

13 “(2) AGGREGATION RULE.—For purposes of de-
14 termining the limitation on payment to a contractor
15 under paragraph (1), all contracts entered into by
16 the contractor with the agencies covered by this
17 chapter and with all executive agencies (if any) shall
18 be treated as one contract, and the \$200,000 limita-
19 tion with respect to the services of an individual in
20 a fiscal year shall be allocated among the contracts
21 in the manner prescribed in regulation by the Ad-
22 ministrator for Federal Procurement Policy.

23 “(3) DEFINITIONS.—In this subsection:

24 “(A) The term ‘compensation’ includes sal-
25 aries, bonuses, deferred compensation, stock op-

1 tions and payouts, certified indirect costs, re-
2 structuring costs, and performance-based pay-
3 ments.

4 “(B) The term ‘executive agency’ has the
5 meaning provided by section 3 of the Federal
6 Property and Administrative Services Act of
7 1949 (41 U.S.C. 472).”.

8 (2) Subsection (l) of section 2324 of title 10, United
9 States Code, as added by paragraph (1), applies to con-
10 tracts entered into after the date of the enactment of this
11 Act.

12 (b) CIVILIAN AGENCY ACQUISITIONS.—(1) Section
13 306 of the Federal Property and Administrative Services
14 Act of 1949 (41 U.S.C. 256) is amended—

15 (A) by redesignating subsection (l) as sub-
16 section (m); and

17 (B) by inserting after subsection (k) the follow-
18 ing new subsection (l):

19 “(l) LIMITATION ON COMPENSATION.—

20 “(1) IN GENERAL.—Subject to paragraph (2),
21 the head of an executive agency may not obligate
22 funds to pay a contractor under a contract with the
23 agency for the costs of compensation with respect to
24 the services of any one individual to the extent that

1 the total amount of the compensation paid in a fiscal
2 year to that individual exceeds \$200,000.

3 “(2) AGGREGATION RULE.—For purposes of de-
4 termining the limitation on payment to a contractor
5 under paragraph (1), all contracts entered into by
6 the contractor with all executive agencies and with
7 the Department of Defense, the Coast Guard, and
8 the National Aeronautics and Space Administration
9 (if any) shall be treated as one contract, and the
10 \$200,000 limitation with respect to the services of
11 an individual in a fiscal year shall be allocated
12 among the contracts in the manner prescribed in
13 regulation by the Administrator for Federal Pro-
14 curement Policy.

15 “(3) DEFINITION.—In this subsection, the term
16 ‘compensation’ includes salaries, bonuses, deferred
17 compensation, stock options and payouts, certified
18 indirect costs, restructuring costs, and performance-
19 based payments.”.

20 (2) Subsection (1) of section 306 of the Federal Prop-
21 erty and Administrative Services Act of 1949 (41 U.S.C.
22 256), as added by paragraph (1), applies to contracts en-
23 tered into after the date of the enactment of this Act.

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