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Subject: Potential Conflict between 10 U.S.C Sec. 2466 (a) Percentage Limitation and Proposed Revised OMB Circular A-76

Industry's feedback being received from Army depots is that this Proposed "Guidance," OMB Circular A-76's Revision and the President's expressed intent, is inhibited due to the subject Statutes 50/50 funding requirements.

10 U.S.C. Sec. 2466. Limitations on the performance of  
depot-level  
maintenance of materiel

-STATUTE-

(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.

Although, not theoretically a conflict with outsourcing goals in that the statute addresses limitations of funds expenditures and not work, reality is that Depot level maintenance and repair outsourcing is limited due to statutory requirement that 50% of all appropriated funds "...shall be used for depot-level maintenance and repair work by employees of the DoD."

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