



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 20, 2014

S. 675

Never Contract With the Enemy Act

*As ordered reported by the Senate Committee on Homeland Security
and Governmental Affairs on May 21, 2014*

S. 675 would require the Department of Defense (DoD) to identify entities that use resources received from the federal government to provide aid to a person or group that is actively opposing U.S. or allied armed forces in overseas contingency operations. The bill also would require DoD to identify entities that do not take sufficient care to ensure that government resources are not being used to support the enemy.

The bill would require that contracts, grants, or cooperative agreements that are used or performed outside the United States and have a value of \$50,000 or more include a clause giving federal agencies the right to examine the business records of the other party if the agency has reason to believe the recipient is supporting the enemy.

S. 675 would require DoD to develop a program under which information on those entities found to be aiding the enemy may be provided to other federal agencies. The bill would authorize all federal agencies to cancel contractual agreements with such entities and to bar them from receiving additional contracts, grants, or cooperative agreements with the federal government. The bill also would require annual reports on the use of the authority during the 2016-2018 period.

DoD currently conducts a similar program and notifies military commands engaged in overseas contingency operations of entities that have been identified as supporters of the enemy. Certain military commands are authorized under current law to cancel contracts with those identified. The department reports such cancelled contracts in the Federal Awardee Performance and Integrity Information System. DoD indicates that it would post the list of all entities identified as supporters of the enemy to that system where the information would be available to other federal agencies.

CBO estimates that providing access to the list of enemy supporters and authorizing other federal agencies to cancel contracts and disbar contractors would have discretionary costs of less than \$500,000 over the 2015-2019 period; any spending would be subject to the availability of appropriated funds. Pay-as-you-go procedures do not apply to this legislation because it would not affect direct spending or revenues.

S. 675 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is David Newman. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.