



THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

SEP 26 2013

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

Mr. Roger Waldron
President
The Coalition for Government Procurement
1990 M Street NW, Suite 450
Washington, DC 20036

Dear Mr. Waldron:

As many of you are aware, the Congress has not yet passed a fiscal year (FY) 2014 appropriations bill that would provide funding for Federal Government operations after September 30, 2013. The Administration strongly believes that a lapse in funding should not occur. There is enough time for Congress to prevent a lapse, and the Administration is willing to work with Congress to enact a short-term continuing resolution to fund critical government operations while coming to agreement on full-year appropriations. While we hope that a lapse will not occur, we may not know until late Monday evening. Prudent management requires that the Department be prepared for the possibility.

In the event of a lapse, vendors working on contracts with funds already appropriated (FY 2013 or prior year) should continue to work unless directed otherwise by their contracting officer. In situations where Government personnel are necessary to oversee or inspect work, the local Government managers will make the decision on whether or not that work will be accomplished and direction will be provided by the contracting officer.

During the lapse, contractors may generally be paid for work done on contracts with funds that are available without an FY 2014 appropriation. There may, however, be delays or disruptions in payments because of the effects of shutdown on Government employees who process payments.

Until FY 2014 funds are appropriated, new Government obligations that depend on FY 2014 appropriations (including extensions or options to existing contracts and new contracts) may be entered only for contracts that directly support "excepted" activities -- generally defined as those activities necessary to support approved military operations or to address emergency circumstances. These contracts do bind the Government, even if funds have not been appropriated to fund them at the time the contracts are awarded. Payment for work performed under these contracts cannot be made until the funds are actually appropriated and may be delayed.

Again, we all hope that a lapse in appropriations does not occur. We appreciate your patience and ask you share this letter with your members.

*Please pass to
your members.
P*

Sincerely,

Frank Kendall