fense Authorization Act for Fiscal Year 2012, immediately
after the enactment of that Act.

SEC. 323. RATING CHAINS FOR SYSTEM PROGRAM MAN-
AGERS.

The Secretary of the Air Force, in managing system
program management responsibilities for sustainment pro-
grams not assigned to a program executive officer or a
direct reporting program manager, shall comply with the
Department of Defense Instructions regarding assignment
of program responsibility.

Subtitle D—Readiness

SEC. 331. INTERGOVERNMENTAL SUPPORT AGREEMENTS
WITH STATE AND LOCAL GOVERNMENTS.

(a) AGREEMENTS AUTHORIZED.—Chapter 137 of
title 10, United States Code, is amended by adding at the
end the following new section:

“§ 2336. Intergovernmental support agreements with
State and local governments

“(a) In General.—(1) The Secretary concerned
may enter into an intergovernmental support agreement
with a State or local government to provide, receive, or
share installation-support services if the Secretary deter-
mines that the agreement will serve the best interests of
the department by enhancing mission effectiveness or cre-
ating efficiencies or economies of scale, including by reduc-
ing costs.

“(2) Notwithstanding any other provision of law, an
intergovernmental support agreement under paragraph
(1)—

“(A) may be entered into on a sole-source basis;
“(B) may be for a term not to exceed five
years; and
“(C) may use, for installation-support services
provided by a State or local government, wage
grades normally paid by that State or local govern-
ment.

“(3) An intergovernmental support agreement under
paragraph (1) may only be used when the Secretary con-
cerned or the State or local government, as the case may
be, providing the installation-support services already pro-
vides such services for its own use.

“(b) Effect on First Responder Arrange-
ments.—The authority provided by this section and limi-
tations on the use of that authority are not intended to
revoke, preclude, or otherwise interfere with existing or
proposed mutual-aid agreements relating to police or fire
protection services or other similar first responder agree-
ments or arrangements.
“(c) AVAILABILITY OF FUNDS.—Funds available to the Secretary concerned for operation and maintenance may be used to pay for such installation-support services. The costs of agreements under this section for any fiscal year may be paid using annual appropriations made available for that year. Funds received by the Secretary as reimbursement for providing installation-support services pursuant to such an agreement shall be credited to the appropriation or account charged with providing installation support.

“(d) EFFECT ON OMB CIRCULAR A-76.— The Secretary concerned shall ensure that intergovernmental support agreements authorized by this section are not used to circumvent the requirements of Office of Management and Budget Circular A-76 regarding public-private competitions.

“(e) DEFINITIONS.—In this section:

“(1) The term ‘installation-support services’ means those services, supplies, resources, and support typically provided by a local government for its own needs and without regard to whether such services, supplies, resources, and support are provided to its residents generally, except that the term does not include security guard or fire-fighting functions.
“(2) The term ‘local government’ includes a county, parish, municipality, city, town, township, local public authority, school district, special district, and any agency or instrumentality of a local government.

“(3) The term ‘State’ includes the District of Columbia, the Commonwealths of Puerto Rico and the Northern Mariana Islands, American Samoa, Guam, and the United States Virgin Islands, and any agency or instrumentality of a State.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

“2336. Intergovernmental support agreements with State and local governments.”.

SEC. 332. EXPANSION AND REAUTHORIZATION OF PILOT PROGRAM FOR AVAILABILITY OF WORKING-CAPITAL FUNDS FOR PRODUCT IMPROVEMENTS.

(a) EXPANSION.—Section 330 of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110–181; 122 Stat. 68) is amended—

(1) in subsection (a), by inserting “, the Secretary of the Navy, and the Secretary of the Air Force (in this section referred to as the ‘Secretary concerned’)” after “the Secretary of the Army”;

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