

TEXT
ELECTRONICALLY PREPARED BY G3 FORCES COMMAND
FROM SOURCE FILE PROVIDED BY
FEDERAL LEGAL INFORMATION THROUGH ELECTRONICS (FLITE)
Maxwell AFB, AL

**** United States Code ****

THE ECONOMY ACT
**** Citation ****

TITLE 31 Sec. 1535. Agency agreements

**** Text or body of the decision or law ****

(a) The head of an agency or major organizational unit within an agency may place an order with a major organizational unit within the same agency or another agency for goods or services if --

- (1) amounts are available;
- (2) the head of the ordering agency or unit decides the order is in the best interest of the United States Government;
- (3) the agency or unit to fill the order is able to provide or get by contract the ordered goods or services; and
- (4) the head of the agency decides ordered goods or services cannot be provided by contract as conveniently or cheaply by a commercial enterprise.

(b) Payment shall be made promptly by check on the written request of the agency or unit filling the order. Payment may be in advance or on providing the goods or services ordered and shall be for any part of the estimated or actual cost as determined by the agency or unit filling the order. A bill submitted or a request for payment is not subject to audit or certification in advance of payment. Proper adjustment of amounts paid in advance shall be made as agreed to by the heads of the agencies or units on the basis of the actual cost of goods or services provided.

(c) A condition or limitation applicable to amounts for procurement of an agency or unit placing an order or making a contract under this section applies to the placing of the order or the making of the contract.

(d) An order placed or agreement made under this section obligates an appropriation of the ordering agency or unit. The amount obligated is deobligated to the extent that the agency or unit filling the order has not incurred obligations, before the end of the period of availability of the appropriation, in --

- (1) providing goods or services; or
- (2) making an authorized contract with another person to provide the requested goods or services.

(e) This section does not --

- (1) authorize orders to be placed for goods or services to be provided by convict labor; or
- (2) affect other laws about working funds.

**** Source: -- citation to enacting statute ****

(Pub. L. 97-258, Sept. 13, 1982, 96 Stat. 933; Pub. L. 98-216, Sec. 1(2),

Feb. 14, 1984, 98 Stat. 3.)

**** Footnote or other note material ****

Historical and Revision Notes

Revised

Section	Source (U.S. Code)	Source (Statutes at Large)
---------	--------------------	----------------------------

1535(a)	31:686(a)(1st sentence words before 15th comma, last proviso).	Mar. 4, 1915, ch. 143, Sec. 1(3d proviso on p. 1084), 38 Stat. 1084; May 21, 1920, ch.
---------	--	--

194, Sec. 7(a), 41 Stat. 613; June 30, 1932, ch. 314, Sec.

601, 47 Stat. 417; restated July 20, 1942, ch. 507, 56

Stat. 661; Aug. 23, 1958, Pub. L. 85-726, Sec. 1407, 72 Stat.

808; Aug. 6, 1981, Pub. L. 97-31, Sec. 12(11), 95 Stat. 154;

Dec. 29, 1981, Pub. L. 97-136, Sec. 11, 95 Stat. 1707.

1535(b)	31:686(a)(1st sentence 1st proviso).	
---------	--------------------------------------	--

1535(c)	31:686(a)(1st sentence words between 15th comma and 1st proviso, last sentence).	
---------	--	--

1535(d)	31:686(c).	May 21, 1920, ch. 194, Sec.
---------	------------	-----------------------------

7(c), 41 Stat. 613; June 30, 1932, ch. 314, Sec. 601, 47

Stat. 417; restated June 26, 1943, ch. 150, Sec. 1, 57

Stat. 219.

31:686-1. Sept. 6, 1950, ch. 896, Sec.

1210(last proviso), 64 Stat.

765.

1535(e)(1)	31:686b(a), (b).	June 30, 1932, ch. 314, Sec.
------------	------------------	------------------------------

602(a), (b), (c)(related to Sec. 602), 47 Stat. 418.

1535(e)(2)	31:686b(c)(related to 31:686, 686b).	
------------	--------------------------------------	--

In the section, the word "agency" is substituted for "executive department or independent establishment of the Government" for clarity. See 12 Comp. Gen. 442 (1932) and United States v. Mitchell, 425 F. Supp. 917 (D.D.C. 1976). The words "major organizational unit" or "unit" are substituted for "bureau or office" for consistency in the revised title. The words "to fill the order" or "filling the order" are substituted for "such requisitioned" and "as may be requisitioned" for clarity and because of the restatement. The words "goods or services" are substituted for "materials, supplies,

equipment, work, or services" to eliminate unnecessary words.

In subsection (a)(4), the words "the head of the agency decides" are added, and the words "commercial enterprise" are substituted for "private agencies", for clarity. The words "by competitive bids" are omitted as surplus because of various procurement laws.

In subsection (b), the words "The Secretary of Defense" are added for clarity because of Comptroller General decision B-20179 (Apr. 1, 1981). The words "a military department of the Department of Defense" are substituted for "the Department of the Army, Navy Department" for consistency with title 10 and to apply the source provisions to the Department of the Air Force because of sections 205(a) and 207(a) and (f) of the Act of July 26, 1947 (ch. 343, 61 Stat. 501, 502), and section 1 of the Act of August 10, 1956 (ch. 1041, 70A Stat. 488). The words "Secretary of Transportation in carrying out duties and powers related to aviation and the Coast Guard" are substituted for "Federal Aviation Agency, Coast Guard" to reflect the transfer of those functions to the Secretary of Transportation. The words "the Administrator of General Services" are added to reflect the transfer of the functions of the Bureau of Federal Supply of the Treasury Department to the Administrator by section 102(a) of the Act of June 30, 1949 (40:752(a)). The words "the Administrator of" are added before "Maritime Administration" for clarity and consistency in the revised title and with other titles of the United States Code.

In subsection (c), the words "pursuant to such order" are omitted as unnecessary.

Subsection (d) is substituted for the source provisions being restated to reflect decisions of the Comptroller General, including 31 Comp. Gen. 83 (1951), 34 Comp. Gen. 418 (1955), 39 Comp. Gen. 317 (1959), and 55 Comp. Gen. 1497 (1976).

In subsection (e), the words "any Government department or independent establishment, or any bureau or office thereof" and "except as otherwise provided by law" are omitted as unnecessary because of the restatement. The text of 31:686b(a) is omitted as executed.

1984 Act

Revised

Section	Source (U.S. Code)	Source (Statutes at Large)
---------	--------------------	----------------------------

1535(a)	31 App.:686(a) (1st sentence words before 15th comma, proviso)	May 21, 1920, ch. 194, Sec. 7(a) (1st, 2d sentences), 41 Stat. 613; June 30, 1932, ch. 314, Sec. 601, 47 Stat. 417; restated July 20, 1942, ch. 507, 56 Stat. 661; Aug. 23, 1958, Pub. L. 85-726, Sec. 1407, 72 Stat. 808; Aug. 6, 1981, Pub. L. 97-136, Sec. 11, 95 Stat. 1707; Oct. 15, 1982, Pub. L. 97-332, Sec. 1(1)-(3), 96 Stat. 1622.
---------	--	---

1535(b) 31 App.:686(a) (1st sentence
words between 15th comma and
proviso, 2d sentence)

1535(c) 31 App.:686(a) (last sentence) May 21, 1920, ch. 194, 41 Stat.
607, Sec. 7(a) (last sentence);
added Oct. 15, 1982, Pub. L. 97-
332, Sec. 1(4), 96 Stat. 1622.

Amendments

1984 -- Subsec. (a)(3). Pub. L. 98-216, Sec. 1(2)(A), inserted "or get by
contract" after "provide".

Subsec. (a)(4). Pub. L. 98-216, Sec. 1(2)(B), inserted "by contract" after
"provided".

Subsecs. (b), (c). Pub. L. 98-216, Sec. 1(2)(C)-(E), redesignated subsec.
(c) as (b). Former subsec. (b), which provided that the Secretary of Defense,
the Secretary of a military department of the Department of Defense, the
Secretary of Transportation in carrying out duties and powers related to
aviation and the Coast Guard, the Secretary of the Treasury, the
Administrator of General Services, and the Administrator of the Maritime
Administration could place orders under this section for goods and services
that an agency or unit filling the order might be able to provide or procure
by contract, was struck out.

Economy Act Purchases

Pub. L. 103-355, title I, Sec. 1074, Oct. 13, 1994, 108 Stat. 3271,
provided that:

"(a) Regulations Required. -- The Federal Acquisition Regulation shall be
revised to include regulations governing the exercise of the authority under
section 1535 of title 31, United States Code, for Federal agencies to
purchase goods and services under contracts entered into or administered by
other agencies.

"(b) Content of Regulations. -- The regulations prescribed pursuant to
subsection (a) shall --

"(1) require that each purchase described in subsection (a) be
approved in advance by a contracting officer of the ordering agency with
authority to contract for the goods or services to be purchased or by
another official in a position specifically designated by regulation to
approve such purchase;

"(2) provide that such a purchase of goods or services may be made
only if --

"(A) the purchase is appropriately made under a contract that the
agency filling the purchase order entered into, before the purchase
order, in order to meet the requirements of such agency for the same
or similar goods or services;

"(B) the agency filling the purchase order is better qualified to
enter into or administer the contract for such goods or services by

reason of capabilities or expertise that is not available within the ordering agency; or

"(C) the agency or unit filling the order is specifically authorized by law or regulations to purchase such goods or services on behalf of other agencies;

"(3) prohibit any such purchase under a contract or other agreement entered into or administered by an agency not covered by the provisions of chapter 137 of title 10, United States Code, or title III of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 251 et seq.) and not covered by the Federal Acquisition Regulation unless the purchase is approved in advance by the senior procurement official responsible for purchasing by the ordering agency; and

"(4) prohibit any payment to the agency filling a purchase order of any fee that exceeds the actual cost or, if the actual cost is not known, the estimated cost of entering into and administering the contract or other agreement under which the order is filled.

"(c) Monitoring System Required. -- The Administrator for Federal Procurement Policy shall ensure that, not later than one year after the date of the enactment of this Act, systems for collecting and evaluating procurement data are capable of collecting and evaluating appropriate data on procurements conducted under the regulations prescribed pursuant to subsection (a).

"(d) Termination. -- This section shall cease to be effective one year after the date on which final regulations prescribed pursuant to subsection (a) take effect."

Department of Defense Purchases Through Other Agencies

Pub. L. 103-160, div. A, title VIII, Sec. 844, Nov. 30, 1993, 107 Stat. 1720, provided that:

"(a) Regulations Required. -- Not later than six months after the date of the enactment of this Act [Nov. 30, 1993] the Secretary of Defense shall prescribe regulations governing the exercise by the Department of Defense of the authority under section 1535 of title 31, United States Code, to purchase goods and services under contracts entered into or administered by another agency.

"(b) Content of Regulations. -- The regulations prescribed pursuant to subsection (a) shall --

"(1) require that each purchase described in subsection (a) be approved in advance by a contracting officer of the Department of Defense with authority to contract for the goods or services to be purchased or by another official in a position specifically designated by regulation to approve such purchase;

"(2) provide that such a purchase of goods or services may be made only if --

"(A) the purchase is appropriately made under a contract that the agency filling the purchase order entered into, before the purchase order, in order to meet the requirements of such agency for the same or similar goods or services;

"(B) the agency filling the purchase order is better qualified to

enter into or administer the contract for such goods or services by reason of capabilities or expertise that is not available within the Department;

"(C) the agency or unit filling the order is specifically authorized by law or regulations to purchase such goods or services on behalf of other agencies; or

"(D) the purchase is authorized by an Executive order or a revision to the Federal Acquisition Regulation setting forth specific additional circumstances in which purchases referred to in subsection (a) are authorized;

"(3) prohibit any such purchase under a contract or other agreement entered into or administered by an agency not covered by the provisions of chapter 137 of title 10, United States Code, or title III of the Federal Property and Administrative Services Act of 1949 [41 U.S.C. 251 et seq.] and not covered by the Federal Acquisition Regulation unless the purchase is approved in advance by the Senior Acquisition Executive responsible for purchasing by the ordering agency or unit; and

"(4) prohibit any payment to the agency filling a purchase order of any fee that exceeds the actual cost or, if the actual cost is not known, the estimated cost of entering into and administering the contract or other agreement under which the order is filled.

"(c) Monitoring System Required. -- The Secretary of Defense shall ensure that, not later than one year after the date of the enactment of this Act [Nov. 30, 1993], systems of the Department of Defense for collecting and evaluating procurement data are capable of collecting and evaluating appropriate data on procurements conducted under the regulations prescribed pursuant to subsection (a).

"(d) Termination. -- This section shall cease to be effective one year after the date on which final regulations prescribed pursuant to subsection (a) take effect."

Authorization for Acquisition of Goods, Services, or Space from Government Agencies and Units by the Secretary of the Senate, Sergeant at Arms, and Doorkeeper of the Senate Under the Economy Act

Pub. L. 101-163, title I, Sec. 8, Nov. 21, 1989, 103 Stat. 1046, provided that:

"(1) The Secretary of the Senate and the Sergeant at Arms and Doorkeeper of the Senate are authorized to acquire goods, services, or space from government agencies and units by agreement under the provisions of the Economy Act, 31 U.S.C. 1535, and to make advance payments in conjunction therewith, if required by the providing agency or establishment.

"(2) No advance payment may be made under paragraph (1) unless specifically provided for in the agreement. No agreement providing for advance payment may be entered into unless it contains a provision requiring the refund of any unobligated balance of the advance.

"(3) No agreement may be entered into under paragraph (1) without the approval of the Senate Committee on Rules and Administration and the Senate Committee on Appropriations."

END