

COUNCIL OF DEFENSE AND SPACE INDUSTRY ASSOCIATIONS

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February 20, 2001

CODSIA Case No. 1-01

Ms. Cynthia L. Johnson
Director, Cash Management Policy and Planning Division
Financial Management Service
U.S. Department of the Treasury
Room 420
401 14th Street, S.W.
Washington, D.C. 20227

REF: Interim Final Revision to OMB Rules on the Prompt Payment Act (PPA)

Dear Ms. Johnson:

The undersigned members of the Council of Defense and Space Industry Associations (CODSIA) appreciate the opportunity to comment on the interim final revision to Office of Management and Budget (OMB) rules on the Prompt Payment Act (PPA) to implement Section 1010 of the National Defense Authorization Act for Fiscal Year 2001 (65 FR 78403, dated December 15, 2000).

Formed in 1964 by industry associations with common interests in the defense and space fields, CODSIA is currently composed of eight associations representing over 4,000 member companies across the nation. Participation in CODSIA projects is strictly voluntary; a decision by any member association to abstain from participating in a particular activity is not necessarily an indication of dissent.

CODSIA members urge the Office of Management and Budget to amend the interim final rule to be consistent with the intent of Congress. Specifically, we feel strongly that Congress intended to cover all cost reimbursement contracts for services requiring interim payments under the requirements of Section 1010. As written, the interim final rule makes the requirement imposed by Section 1010 applicable only to contracts awarded on or after the effective date of the statute, December 15, 2000, CODSIA members interpret Section 1010 to apply to all payment requests made after December 15, 2000. The interim final rule merely gives agency heads discretion as to its application to contracts in existence on that date.

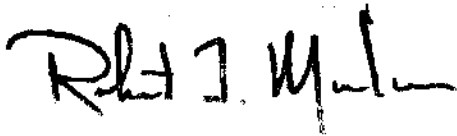
CODSIA members stress that the statute makes no distinction between contracts in existence prior to December 15, 2000, and contracts awarded on or after that date. Congress, in passing this statute, sent a clear signal that agencies that purchase services from their private

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sector partners have an obligation to pay those private sector firms in a timely fashion – 30 days or less – and, failing that, shall pay an interest penalty. It would be counterintuitive to interpret this statute as applicable to a particular subset of qualifying contracts.

We appreciate the opportunity to provide these comments. If you have any questions, please contact CODSIA Project Officer Charles Cantus at (703) 875-8059.

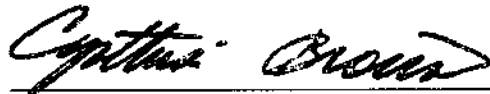
Sincerely,



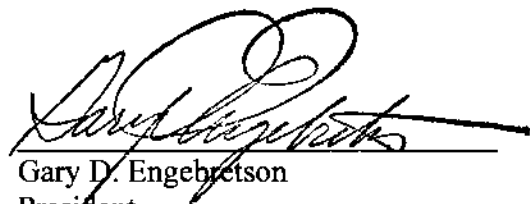
Robert T. Marlow
Vice President, Government Division
Aerospace Industries Association



Lorraine M. Lavet
Chief Operating Officer
American Electronics Association



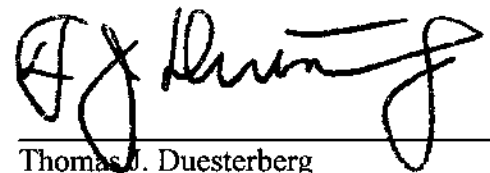
Cynthia Brown
President
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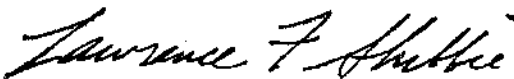
Gary D. Engebretson
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President and CEO
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Lawrence F. Skibbie
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