

**VOLUME 11A, CHAPTER 11: “**SALE OF SPECIAL OR TECHNICAL SERVICES TO STATE AND LOCAL GOVERNMENTS**”**

**SUMMARY OF MAJOR CHANGES**

All changes are denoted by **blue font**.

Substantive revisions are denoted by an asterisk (\*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by **bold, italic, blue, and underlined font**.

The previous version dated **June 2021** is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
All	Updated format in accordance with the Financial Management Regulation, Revision Standard Operating Procedures.	Revision
1.1	Removed conflict with guidance given at 2.2.2 and 2.2.3 “Overarching legal authority to sell to state or local governments is not provided in this chapter because specific legal authority must be identified to make such sales.”	Deletion

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## CHAPTER 11

**SALE OF SPECIAL OR TECHNICAL SERVICES TO STATE AND LOCAL GOVERNMENTS**

## 1.0 GENERAL

## \*1.1 Purpose

The purpose of this chapter is to provide the policy for the sale of special or technical services to both state and local governments and provide guidance on amounts that must be recouped when the DoD Components perform these services. This guidance supplements the standards for financial accounting for receivables, and budgetary accounting for reimbursements, discussed in [Volume 4, Chapter 3](#) and [Volume 3, Chapter 15](#).

## 1.2 Authoritative Guidance

The financial management policy and related requirements promulgated throughout this chapter are in accordance with the applicable provisions of:

1.2.1. Office of Management and Budget ([OMB Circular A-97](#)), “Rules and Regulations Permitting Federal Agencies to Provide Specialized or Technical Services to State and Local Units of Government Under Title III of the Intergovernmental Cooperation Act of 1968”; and

1.2.2. Title 31, United States Code, Section 6505 ([31 U.S.C. § 6505](#)), “Authority to provide specialized or technical services.”

## 2.0 POLICY AND REPORTING

## 2.1 Policy Requirements

It is the policy of the Department to cooperate to the maximum extent possible with state and local governments to provide specialized or technical services. Such services generally must supplement and not supplant any services provided under other authority.

2.1.1. **Pricing.** Price specialized or technical services to state and local governments as a sale to private parties at the full costs to the Department. General rules on determining reimbursable amounts vary as there are several categories with applicable guidance to follow when determining amounts for collection. Components may also use guidance found in other sources as applicable. Refer to Chapter 1 for more details.

2.1.2. **Disposition of Proceeds.** Deposit payments received by Components for providing service to the credit of the appropriation or account from which the costs of providing the services were paid or are to be charged. Deposit unfunded portions of the costs of such services to the U.S. Treasury as miscellaneous receipts.

## 2.2 Types of Services

### 2.2.1. Components specialized or technical services are as follows:

2.2.1.1. Any existing statistical or other studies and compilations, development projects, results of technical tests and evaluations, technical information, surveys, reports, documents, and any such materials developed or prepared in the future to meet the needs of the federal government or to carry out normal responsibilities.

2.2.1.2. Preparation of statistical or other studies and compilations, development projects, technical tests and evaluations, technical information, surveys, reports, documents, and assistance in the conduct of such activities, and in the preparation of such materials authorized by law to conduct or prepare:

2.2.1.3. Training of the type authorized by law to conduct for DoD personnel.

2.2.1.4. Technical aid in the preparation of proposals for development and other projects, which provide grants-in-aid or other assistance, provided such aid primarily develops recipients' capability to prepare their own proposals.

2.2.1.5. Technical information, data processing, communications and personnel management systems services, and technical advice on improving logistical and management services normally provided within the Department under existing authorities.

2.2.2. Any of the specialized or technical services provided by a Component to states and their political subdivisions under other authorities also may be provided under the authority of OMB Circular A-97.

2.2.3. If a Component receives a request for specialized or technical services not covered in 2.2.1, but that is consistent with the OMB Circular A-97, and which the Component has special competence to provide, the Component must forward the request to the Assistant Secretary of Defense (Sustainment) (ASD(S)) for submission to OMB for review. If the validity of a service request is in doubt, the Component should forward the request to the ASD(S) for review.

## 2.3 Conditions Under Which Services May Be Provided

Provide specialized or technical services, covered under OMB Circular A-97 at the discretion of the Component head, only under the following conditions:

2.3.1. Provide such services only to states, their political subdivisions, and combinations or associations of such governments, their agencies, and instrumentalities.

2.3.2. Provide such services only upon the written request of a state or its political subdivision. Requests normally must be made by the chief executive of such entities and must be addressed to the head of the Component involved.

2.3.3. Such services may not be provided unless the servicing Component maintains similar services for its own use under the policies and procedures set forth in [OMB Circular A-76](#), “Performance of Commercial Activities”, and subsequent changes thereto. In addition, in accordance with the policies set forth in OMB Circular A-76, the requesting entity must certify that [procurement of](#) such services cannot be reasonably and quickly [made](#) through ordinary business channels.

2.3.4. Such services may not be offered if they require any staff additions or involve expenditures for additional equipment or other facilities solely for the purpose of providing such services, except when the costs of such services are charged to the user.

2.3.5. [Provide](#) such services only upon payment or arrangement for reimbursement to the Component involved by the unit of government making the request. This includes salaries and all other identifiable direct and indirect costs of performing such services.

2.3.6. [Do not disseminate](#) technical [service](#) information to third party governmental entities or associations, unless expressly authorized by the originating Component.

2.3.7. [When a Component denies](#) a service request [it must provide](#) a statement to the entity making the request indicating the reasons.

## 2.4 Reporting Requirements

The head of each [federal agency](#) will furnish annually to the respective Committees of the Senate and the House of Representatives a summary report on the scope of the services provided under OMB Circular A-97. These reports will be prepared as of the end of each calendar year and will indicate the nature of the services rendered, the names of the States and political subdivisions involved, and the cost of the work. [Do not include](#) services provided under other authorities in the reports.